

The Commonwealth of Massachusetts *Auditor's Dept*

DEPARTMENT OF THE AUDITOR

ANNUAL REPORT

FOR THE

FISCAL YEARS ENDING JUNE 30, 1943
AND JUNE 30, 1944



THOMAS J. BUCKLEY
STATE AUDITOR

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1943-1944

DEPARTMENT OF THE AUDITOR

ANNUAL REPORT

For the

FISCAL YEARS ENDING JUNE 30, 1943

AND JUNE 30, 1944

I have the honor to submit the Annual Report of the Department of the Auditor for the fiscal periods December 1, 1942 to June 30, 1943, and July 1, 1943 to June 30, 1944. The last mentioned period; namely July 1, 1943 to June 30, 1944 represents the first complete fiscal year which has elapsed since a statutory change required the Commonwealth's financial period to be brought into conformance with that of the federal government. The statutory provisions of the General Laws which pertain to the Department of the Auditor for the Commonwealth are as follows:

"The department of the state auditor shall annually make a careful audit of the accounts of all departments, offices, commissions, institutions and activities of the commonwealth, including those of the income tax division of the department of corporations and taxation, and for said purpose the authorized officers and employees of said department of the state auditor shall have access to such accounts at reasonable times and said department may require the production of books, documents and vouchers, except tax returns, relating to any matter within the scope of such audit. The accounts of the last named department shall be subject at any time to such examination as the governor and council or the general court may order. Said department shall comply with any written regulations, consistent with law, relative to its duties made by the governor and council. This section shall not apply to the accounts of state officers which the director of accounts of the department of corporations and taxation is required by law to examine. The department of the state auditor shall keep no books or records except records of audits made by it, and its annual report shall relate only to such audits."

All requirements of law as relating to the duties and functions of the State Auditor have been carefully complied with for the period covered in this report.

During the current year (1944) one new audit was added to the work of the Department, namely, The Committee on Post-War Readjustment. Also, within the same period, one agency has received a final audit, namely, The Division of Liquidations under the Department of Banking and Insurance. No further examinations will be made of the Division of Liquidations.

Since my last report to the Legislature, Mr. William A. Connolly and Mr. Howard E. Rowsell have been promoted from Junior Accountant to Semi-Senior Accountant. Mr. Charles S. Moran, a veteran of World War I, has also been added to the staff as Junior Accountant, having transferred to the Department from the Division of Employment Security where he held a similar grade and title. Messrs. Frank H. Horrigan and Peter T. McMurray, employees of the Department for many years, have been promoted from the grade of Semi-Senior Accountant to that of Senior Accountant. Mr. McMurray's present status is that of a military substitute to fill the vacancy of Senior Accountant John P. Harrington, now serving in the United States Army.

In the budget recently submitted for consideration I requested eight Junior Accountants, one Senior Accountant by allocation from Semi-Senior, and one Senior Stenographer and Proof Reader of Audit Reports by allocation from Junior Stenographer, in addition to the present staff. This enlargement of the accountant force becomes necessary in order to adequately cope with future requirements of the Department in the tremendous volume of post-war work already planned and only awaiting the arrival of peace. Aside from this element there are many phases of state accounting for which I desire to widen the scope of examination . . . this, in

the interest of bringing the departmental audits closer in line with the more exhaustive modern accounting practices. Eight additional accountants could be immediately absorbed for this purpose.

Insofar as practicable, during fiscal 1944, one hundred per cent inventories have been substituted for previous smaller tests in the Mental Health Hospitals and many other State Agencies. It is now planned to extend this arrangement so as to include as many 1945 audits as possible. It is also my purpose to go further into the farm accounting of the various institutions than has been the practice at any time in the past history of the Department.

During the period of my administrative control the audits made of federal funds, in whatever departments granted, have been greatly increased in scope. Restriction in the extent of federal fund examinations have been imposed solely by reason of insufficiency of suitable personnel. At this point it is pertinent to mention our limitations in a working staff. Many difficulties have been experienced in securing the necessary qualified assistants to meet the additional burden of work which has been placed on the Department for the last fiscal period.

It may be explained that certain elements of all state audits for the adjusted fiscal year 1942-1943 (a seven months' period) were necessarily condensed in order to complete the work within statutory time limitations. These audits have now been completely covered and reported. This action of the Department in performing a full examination of state accounts, for a back period, has resulted in a volume of work between July 1, 1943 and June 30, 1944, exceeding twenty-five per cent of normal yearly operations. Only through a re-arrangement of schedules, refinement of procedures and the most efficient utilization of personnel has this been accomplished. The splendid cooperation and spirit of the office and field forces in assuming and completing this additional work is worthy of commendable mention in this report.

An examination of the annual reports filed during the last decade by previous Auditors will disclose that in every instance they have been consistent in their belief that the Department of the Auditor lacks both the personnel and the statutory powers necessary for the proper operation of the office. It has also been argued the State Auditor should be divorced from any administrative duty and that as an elected officer, he should be responsible only to the electorate, and be free to criticize the financial operations of the Commonwealth. That is a fairly effective argument, but hardly goes far enough. In 1923, the Auditor was stripped of all authority to force compliance with his recommendations and as a result he has been obliged to depend almost entirely upon the public press and public opinion to enforce these recommendations. On larger and more important issues this has not always been effective and the method itself is undesirable. On smaller and less important recommendations, where publicity is not practical, numerous examples can be cited where certain changes in procedure, or in the methods of bookkeeping, have been recommended year after year in the audit reports with no action taken by the department concerned.

This is a perfectly logical step and not an unreasonable request, and the transfer of these duties will not detract one iota from the prestige of the Commission on Administration and Finance but it will, I assure you, materially add to the effectiveness of the Auditor's Department.

I earnestly request all the duties and the powers of the Comptroller's office be transferred to this office.

Individual copies of audit reports for all state activities have been submitted to His Excellency the Governor, the Speaker of the House, the President of the Senate, the Chairman of the Commission on Administration and Finance, the Comptroller and the State Librarian. Copies also have been forwarded to the administrative head of each institution or agency concerned, the chaplains, medical boards, and trustees of the institutions and the Commissioner of each department. These reports have been released as promptly as possible following the completion of examinations.

The following listed audits have been made since my last report to the Legislature:

1943-1944

Audits for the 1943 Fiscal Year

| <i>Department or Institution</i> | <i>From</i> | <i>To</i> |
|---|----------------|---------------|
| GOVERNOR AND COUNCIL: | | |
| Adjutant General | July 7, 1942 | May 24, 1943 |
| Alcoholic Beverages Control Commission | Jan. 13, 1942 | Apr. 22, 1943 |
| Armory Commission | July 7, 1942 | May 24, 1943 |
| Art Commission for the Commonwealth | Jan. 21, 1942 | Mar. 8, 1943 |
| Ballot Law Commission | Jan. 21, 1942 | Mar. 8, 1943 |
| Commission on Administration and Finance | Dec. 1, 1941 | Nov. 30, 1942 |
| Commissioners on Uniform State Laws | Jan. 22, 1942 | Mar. 8, 1943 |
| Massachusetts Aeronautics Commission | Feb. 4, 1942 | Mar. 10, 1943 |
| Military Reservation Commission | July 7, 1942 | May 24, 1943 |
| Milk Regulation Board | Apr. 28, 1942 | June 3, 1943 |
| Public Bequest Commission | Jan. 22, 1942 | Mar. 8, 1943 |
| Governor's Committee on Public Safety | May 18, 1942 | June 2, 1943 |
| State Racing Commission | Dec. 30, 1941 | Mar. 25, 1943 |
| Soldiers' Home in Massachusetts | Feb. 18, 1942 | Feb. 25, 1943 |
| Commissioner of State Aid and Pensions | Dec. 18, 1941 | Jan. 29, 1943 |
| State Library | Jan. 22, 1942 | Mar. 2, 1943 |
| State Planning Board | Jan. 28, 1942 | Mar. 9, 1943 |
| State Superintendent of Buildings | Jan. 21, 1942 | Apr. 6, 1943 |
| SECRETARY OF THE COMMONWEALTH: | Nov. 9, 1942 | June 16, 1943 |
| Commission on Interstate Co-operation | Nov. 9, 1942 | June 16, 1943 |
| TREASURER AND RECEIVER GENERAL: | | |
| Emergency Finance Board | Dec. 1, 1941 | Jan. 20, 1943 |
| Emergency Public Works Commission | Dec. 1, 1941 | Nov. 30, 1942 |
| State Board of Retirement | Jan. 1, 1942 | Dec. 31, 1942 |
| ATTORNEY GENERAL | Aug. 17, 1942 | Apr. 9, 1943 |
| DEPARTMENT OF CIVIL SERVICE AND REGISTRATION: | | |
| Architects, Board of Registration of | Dec. 16, 1942 | Jan. 25, 1943 |
| Barbers, Board of Registration of | Oct. 30, 1942 | June 2, 1943 |
| Certified Public Accountants, Board of Registration of | Mar. 24, 1942 | June 23, 1943 |
| Chiropody, Board of Registration in | Apr. 16, 1942 | June 3, 1943 |
| Dental Examiners, Board of | Jan. 21, 1942 | Feb. 18, 1943 |
| Electricians, State Examiners of | Mar. 11, 1942 | Feb. 23, 1943 |
| Embalming and Funeral Directing, Board of Registration in | Jan. 5, 1942 | Feb. 5, 1943 |
| Professional Engineers and Land Surveyors, Board of Registration of | Dec. 26, 1941 | Feb. 10, 1943 |
| Hairdressers, Board of Registration of | Oct. 27, 1942 | June 2, 1943 |
| Medicine, Board of Registration in | May 12, 1942 | Mar. 15, 1943 |
| Nursing, Board of Registration in | Aug. 24, 1942 | May 25, 1943 |
| Optometry, Board of Registration in | Aug. 24, 1942 | May 25, 1943 |
| Pharmacy, Board of Registration in | Mar. 5, 1942 | Mar. 3, 1943 |
| Plumbers, Board of Registration of | Apr. 2, 1942 | June 9, 1943 |
| Veterinary Medicine, Board of Registration in | Oct. 9, 1942 | Apr. 7, 1943 |
| | Oct. 21, 1942 | Mar. 8, 1943 |
| DEPARTMENT OF CORPORATIONS AND TAXATION: | | |
| General Department | Dec. 1, 1941 | Nov. 30, 1942 |
| Appellate Tax Board | Sept. 9, 1942 | Mar. 26, 1943 |
| Division of Accounts | Oct. 15, 1942 | June 21, 1943 |
| DEPARTMENT OF EDUCATION: | | |
| General Department | Nov. 18, 1942 | May 17, 1943 |
| Teachers' Retirement Board | Jan. 1, 1942 | Dec. 31, 1942 |
| Division of the Blind | Sept. 15, 1942 | Feb. 25, 1943 |
| Massachusetts Maritime Academy | Jan. 12, 1942 | June 15, 1943 |
| State Teachers College at Bridgewater | Feb. 18, 1942 | Apr. 12, 1943 |
| State Teachers College at Fitchburg | May 6, 1942 | Mar. 2, 1943 |
| State Teachers College at Framingham | Apr. 21, 1942 | Feb. 4, 1943 |
| State Teachers College at Hyannis | June 29, 1942 | June 7, 1943 |
| State Teachers College at Lowell | Apr. 29, 1942 | Apr. 5, 1943 |
| State Teachers College at North Adams | Apr. 16, 1942 | June 3, 1943 |
| State Teachers College at Salem | May 6, 1942 | Feb. 18, 1943 |
| State Teachers College at Westfield | Apr. 10, 1942 | Dec. 3, 1942 |
| State Teachers College at Worcester | Mar. 9, 1942 | Feb. 24, 1943 |
| Massachusetts School of Art | July 17, 1942 | June 11, 1943 |
| Massachusetts State College | June 1, 1942 | Apr. 26, 1943 |
| Bradford Durfee Textile School | Oct. 6, 1942 | Mar. 31, 1943 |
| Lowell Textile Institute | Mar. 30, 1942 | May 17, 1943 |
| New Bedford Textile School | Sept. 8, 1942 | Mar. 26, 1943 |
| DEPARTMENT OF PUBLIC WORKS: | | |
| General Department | Sept. 1, 1942 | May 3, 1943 |
| Registry of Motor Vehicles | Mar. 23, 1942 | Mar. 23, 1943 |
| DEPARTMENT OF PUBLIC HEALTH: | | |
| General Department | Jan. 12, 1942 | June 21, 1943 |
| Lakeville State Sanatorium | Jan. 15, 1942 | Apr. 28, 1943 |
| North Reading State Sanatorium | Mar. 26, 1942 | Feb. 23, 1943 |
| Rutland State Sanatorium | Dec. 4, 1941 | Feb. 15, 1943 |
| Westfield State Sanatorium | Dec. 8, 1941 | Mar. 10, 1943 |
| Pondville Cancer Hospital | Mar. 9, 1942 | Mar. 10, 1943 |

| <i>Department or Institution</i> | <i>From</i> | <i>To</i> |
|---|----------------|---------------|
| DEPARTMENT OF PUBLIC WELFARE: | | |
| General Department | Nov. 2, 1942 | June 1, 1943 |
| Division of Juvenile Training | Jan. 7, 1942 | Apr. 13, 1943 |
| Industrial School for Boys | Nov. 9, 1942 | Apr. 20, 1943 |
| Industrial School for Girls | Apr. 27, 1942 | Mar. 9, 1943 |
| Lyman School for Boys | Dec. 29, 1941 | Jan. 26, 1943 |
| Massachusetts Hospital School | May 1, 1942 | Mar. 15, 1943 |
| Tewksbury State Hospital and Infirmary | Jan. 26, 1942 | Apr. 14, 1943 |
| DEPARTMENT OF MENTAL HEALTH: | | |
| General Department | Dec. 1, 1941 | Dec. 1, 1942 |
| Belchertown State School | Oct. 26, 1942 | Apr. 5, 1943 |
| Boston Psychopathic Hospital | Feb. 12, 1942 | Feb. 17, 1943 |
| Boston State Hospital | July 1, 1942 | Jan. 26, 1943 |
| Danvers State Hospital | Jan. 19, 1942 | Feb. 1, 1943 |
| Foxborough State Hospital | May 18, 1942 | June 14, 1943 |
| Gardner State Hospital | Aug. 10, 1942 | May 3, 1943 |
| Grafton State Hospital | Jan. 12, 1942 | Feb. 2, 1943 |
| Medfield State Hospital | May 12, 1942 | Apr. 12, 1943 |
| Metropolitan State Hospital | Apr. 8, 1942 | Apr. 21, 1943 |
| Monson State Hospital | Apr. 30, 1942 | Jan. 25, 1943 |
| Northampton State Hospital | Aug. 27, 1942 | Feb. 15, 1943 |
| Taunton State Hospital | Oct. 20, 1942 | May 17, 1943 |
| Walter E. Fernald State School | May 21, 1942 | Feb. 9, 1943 |
| Westborough State Hospital | Sept. 8, 1942 | May 18, 1943 |
| Worcester State Hospital | Mar. 16, 1942 | Mar. 15, 1943 |
| Wrentham State School | Sept. 14, 1942 | May 18, 1943 |
| DEPARTMENT OF AGRICULTURE: | | |
| General Department | Apr. 28, 1942 | June 3, 1943 |
| Division of Livestock Disease Control | Apr. 28, 1942 | June 3, 1943 |
| Division of Milk Control | Dec. 17, 1941 | Feb. 9, 1943 |
| DEPARTMENT OF CONSERVATION | Oct. 26, 1942 | June 9, 1943 |
| DEPARTMENT OF PUBLIC SAFETY | Oct. 13, 1942 | May 25, 1943 |
| DEPARTMENT OF LABOR AND INDUSTRIES: | | |
| General Department | Nov. 16, 1942 | June 21, 1943 |
| Labor Relations Commission | Apr. 13, 1942 | June 21, 1943 |
| Division of Employment Security | Oct. 14, 1942 | Apr. 20, 1943 |
| DEPARTMENT OF INDUSTRIAL ACCIDENTS | Dec. 4, 1941 | May 17, 1943 |
| DEPARTMENT OF PUBLIC UTILITIES | Oct. 1, 1942 | June 8, 1943 |
| DEPARTMENT OF BANKING AND INSURANCE: | | |
| Division of Banks | Feb. 6, 1942 | May 10, 1943 |
| Division of Insurance | Mar. 17, 1942 | Apr. 16, 1943 |
| Division of Savings Bank Life Insurance | Aug. 10, 1942 | May 13, 1943 |
| Division of Liquidations | Mar. 6, 1942 | May 5, 1943 |
| Supervisor of Loan Agencies | Apr. 17, 1942 | Feb. 26, 1943 |
| DEPARTMENT OF CORRECTION: | | |
| General Department | Apr. 14, 1942 | Mar. 1, 1943 |
| Massachusetts Reformatory | Dec. 3, 1941 | Jan. 5, 1943 |
| Reformatory for Women | Dec. 3, 1941 | Dec. 16, 1942 |
| State Farm | Mar. 18, 1942 | Dec. 2, 1942 |
| State Prison | Dec. 1, 1941 | Dec. 10, 1942 |
| State Prison Colony | Dec. 1, 1941 | Dec. 7, 1942 |
| METROPOLITAN DISTRICT COMMISSION | June 9, 1942 | Apr. 22, 1943 |
| METROPOLITAN DISTRICT WATER SUPPLY COMMISSION | Oct. 21, 1942 | Apr. 22, 1943 |
| LEGISLATURE: | | |
| Sergeant-at-Arms | Apr. 21, 1942 | Mar. 3, 1943 |
| CLERK OF THE SUPREME JUDICIAL COURT FOR THE COMMONWEALTH | Apr. 10, 1943 | Mar. 8, 1943 |

Comments of the State Auditor, which follow in this report have reference to exceptions or recommendations made in the course of examinations during the fiscal year 1943-1944. Generally speaking, and aside from other matter contained in the audit reports, these brief comments will reflect the attitude and opinion of the State Auditor with respect to needed changes and adjustments or conditions requiring the attention of other interested officials of the Commonwealth. These comments are arranged in the order of listing as appearing on pages 6-41.

Audits for the 1944 Fiscal Year

| <i>Department or Institution</i> | <i>From</i> | <i>To</i> | <i>Page</i> |
|---|---------------|----------------|-------------|
| GOVERNOR AND COUNCIL: | | | |
| Adjutant General | May 24, 1943 | Jan. 5, 1944 | 6 |
| Alcoholic Beverages Control Commission | Apr. 12, 1943 | Aug. 16, 1943 | 6 |
| Armory Commission | May 24, 1943 | Jan. 5, 1944 | |
| Art Commission for the Commonwealth | Mar. 8, 1943 | Sept. 9, 1943 | |
| Ballot Law Commission | Mar. 8, 1943 | Sept. 9, 1943 | |
| Commission on Administration and Finance | Nov. 30, 1942 | June 30, 1943 | 7-9 |
| Commissioners on Uniform State Laws | Mar. 8, 1943 | Sept. 9, 1943 | 9 |
| Massachusetts Aeronautics Commission | Mar. 10, 1943 | Apr. 17, 1944 | |
| Military Reservation Commission | May 24, 1943 | Jan. 5, 1944 | |
| Milk Regulation Board | June 3, 1943 | Jan. 17, 1944 | |
| Public Request Commission | Mar. 8, 1943 | Sept. 10, 1943 | |
| Governor's Committee on Public Safety | June 2, 1943 | June 1, 1944 | 9 |
| State Racing Commission | Mar. 25, 1943 | Nov. 16, 1943 | 9 |
| Soldiers' Home in Massachusetts | Feb. 25, 1943 | Aug. 11, 1943 | 9-10 |
| Veterans' Aid and Pensions | Jan. 29, 1943 | July 9, 1943 | 10 |
| State Library | Mar. 2, 1943 | Sept. 7, 1943 | 10 |
| State Planning Board | Mar. 9, 1943 | Apr. 5, 1944 | |
| State Superintendent of Buildings | Apr. 6, 1943 | Sept. 22, 1943 | |
| SECRETARY OF THE COMMONWEALTH: | | | |
| Commission on Interstate Co-operation | June 16, 1943 | Nov. 22, 1943 | 10 |
| | June 16, 1943 | Nov. 22, 1943 | |
| TREASURER AND RECEIVER-GENERAL: | | | |
| Emergency Finance Board | Jan. 19, 1943 | Feb. 29, 1944 | 10-11 |
| Emergency Public Works Commission | Dec. 1, 1942 | June 30, 1943 | |
| State Board of Retirement | Dec. 1, 1942 | June 30, 1943 | |
| | Jan. 1, 1943 | Dec. 31, 1943 | 11-12 |
| ATTORNEY GENERAL: | | | |
| | Apr. 9, 1943 | May 31, 1944 | 12 |
| DEPARTMENT OF CIVIL SERVICE AND REGISTRATION: | | | |
| Architects, Board of Registration of | Jan. 25, 1943 | Apr. 10, 1944 | 12 |
| Barbers, Board of Registration of | June 2, 1943 | Nov. 25, 1943 | |
| Certified Public Accountants, Board of Registration of | June 23, 1943 | Apr. 20, 1944 | 12 |
| Chiropody, Board of Registration in | June 3, 1943 | Jan. 4, 1944 | |
| Dental Examiners, Board of | Feb. 18, 1943 | Sept. 20, 1943 | 12 |
| Electricians, State Examiners of | Feb. 23, 1943 | Oct. 25, 1943 | 12 |
| Embalmers and Funeral Directing, Board of Registration in | Feb. 2, 1943 | July 27, 1943 | |
| Professional Engineers and Land Surveyors, Board of | Feb. 10, 1943 | Sept. 13, 1943 | 12 |
| Registration of | June 2, 1943 | Nov. 15, 1943 | 13 |
| Hairdressers, Board of Registration of | Mar. 15, 1943 | Oct. 18, 1943 | 13 |
| Medicine, Board of Registration in | May 25, 1943 | Mar. 10, 1944 | 13 |
| Nursing, Board of Registration in | May 25, 1943 | Mar. 10, 1944 | 13 |
| Optometry, Board of Registration in | Mar. 3, 1943 | Nov. 3, 1943 | |
| Pharmacy, Board of Registration in | June 9, 1943 | Sept. 27, 1943 | 13 |
| Plumbers, Board of Registration of | Apr. 7, 1943 | Nov. 24, 1943 | |
| Veterinary Medicine, Board of Registration in | Mar. 8, 1943 | Sept. 23, 1943 | |
| DEPARTMENT OF CORPORATIONS AND TAXATION: | | | |
| General Department | Dec. 1, 1942 | Nov. 30, 1943 | 13-14 |
| Appellate Tax Board | Mar. 26, 1943 | Aug. 17, 1943 | |
| Division of Accounts | June 14, 1943 | Feb. 10, 1944 | 14 |
| DEPARTMENT OF EDUCATION: | | | |
| General Department | May 17, 1943 | May 8, 1944 | 14-17 |
| Teachers' Retirement Board | Jan. 1, 1943 | Dec. 31, 1943 | 18 |
| Division of the Blind | Jan. 25, 1943 | Dec. 14, 1943 | 18 |
| Massachusetts Maritime Academy | June 15, 1943 | May 29, 1944 | 19 |
| State Teachers College at Bridgewater | Apr. 12, 1943 | Feb. 24, 1944 | |
| State Teachers College at Fitchburg | Mar. 2, 1943 | May 1, 1944 | |
| State Teachers College at Framingham | Feb. 4, 1943 | Dec. 8, 1943 | |
| State Teachers College at Hyannis | June 7, 1943 | June 14, 1944 | 19 |
| State Teachers College at Lowell | Apr. 5, 1943 | Dec. 28, 1943 | |
| State Teachers College at North Adams | June 3, 1943 | Feb. 2, 1944 | 19 |
| State Teachers College at Salem | Feb. 18, 1943 | Jan. 4, 1944 | |
| State Teachers College at Westfield | Dec. 3, 1942 | Sept. 29, 1943 | |
| State Teachers College at Worcester | Feb. 24, 1943 | Nov. 16, 1943 | |
| Massachusetts School of Art | June 11, 1943 | May 17, 1944 | |
| Massachusetts State College | Apr. 26, 1943 | Oct. 4, 1943 | 19-20 |
| Bradford Durfee Textile School | Mar. 31, 1943 | Dec. 15, 1943 | |
| Lowell Textile Institute | May 17, 1943 | Nov. 29, 1943 | |
| New Bedford Textile School | Mar. 26, 1943 | Nov. 23, 1943 | |
| DEPARTMENT OF PUBLIC WORKS: | | | |
| General Department | May 3, 1943 | Nov. 1, 1943 | 20-23 |
| Registry of Motor Vehicles | Mar. 23, 1943 | Apr. 11, 1944 | 23 |
| DEPARTMENT OF PUBLIC HEALTH: | | | |
| General Department | June 21, 1943 | June 12, 1944 | |
| Lakeville State Sanatorium | Apr. 28, 1943 | May 10, 1944 | 23-24 |
| North Reading State Sanatorium | Feb. 23, 1943 | Jan. 19, 1944 | 24 |
| Rutland State Sanatorium | Feb. 15, 1943 | Nov. 22, 1943 | 21-25 |
| Westfield State Sanatorium | Mar. 10, 1943 | Sept. 29, 1943 | 25 |
| Pondville Cancer Hospital | Mar. 10, 1943 | Nov. 8, 1943 | 25 |

| <i>Department or Institution</i> | <i>From</i> | <i>To</i> | <i>Page</i> |
|---|---------------|----------------|-------------|
| DEPARTMENT OF PUBLIC WELFARE: | | | |
| General Department | June 1, 1943 | Feb. 2, 1944 | 25-26 |
| Division of Juvenile Training | Apr. 13, 1943 | Sept. 13, 1943 | 26-27 |
| Industrial School for Boys | Apr. 20, 1943 | Feb. 7, 1944 | |
| Industrial School for Girls | Mar. 9, 1943 | Jan. 24, 1944 | 27 |
| Lyman School for Boys | Jan. 26, 1943 | July 20, 1943 | |
| Massachusetts Hospital School | Mar. 15, 1943 | Dec. 1, 1943 | 27 |
| Tewksbury State Hospital and Infirmary | Apr. 14, 1943 | Jan. 12, 1944 | 27-28 |
| DEPARTMENT OF MENTAL HEALTH: | | | |
| General Department | Dec. 1, 1943 | July 1, 1943 | 28-29 |
| Belchertown State School | Apr. 5, 1943 | Sept. 28, 1943 | 29 |
| Boston Psychopathic Hospital | Feb. 17, 1943 | Jan. 3, 1944 | 29-30 |
| Boston State Hospital | Jan. 26, 1943 | Aug. 10, 1943 | 30-31 |
| Danvers State Hospital | Feb. 1, 1943 | July 19, 1943 | |
| Foxborough State Hospital | June 14, 1943 | Dec. 7, 1943 | |
| Gardner State Hospital | May 3, 1943 | Apr. 3, 1944 | |
| Grafton State Hospital | Feb. 2, 1943 | Aug. 9, 1943 | |
| Medfield State Hospital | Apr. 12, 1943 | Feb. 9, 1944 | |
| Metropolitan State Hospital | Apr. 21, 1943 | June 1, 1944 | |
| Monson State Hospital | Jan. 25, 1943 | July 6, 1943 | 31 |
| Northampton State Hospital | Feb. 15, 1943 | Sept. 30, 1943 | 31 |
| Taunton State Hospital | May 17, 1943 | Jan. 10, 1944 | 31-32 |
| Walter E. Fernald State School | Feb. 9, 1943 | Apr. 13, 1944 | |
| Westborough State Hospital | May 18, 1943 | Mar. 7, 1944 | 32 |
| Worcester State Hospital | Mar. 15, 1943 | Sept. 14, 1943 | 32-33 |
| Wrentham State School | May 18, 1943 | May 15, 1944 | |
| DEPARTMENT OF AGRICULTURE: | | | |
| General Department | June 3, 1943 | Jan. 17, 1944 | 33 |
| Division of Livestock Disease Control | June 3, 1943 | Jan. 17, 1944 | |
| Division of Milk Control | Feb. 9, 1943 | Oct. 11, 1943 | 33 |
| DEPARTMENT OF CONSERVATION | June 9, 1943 | Jan. 25, 1944 | 33-34 |
| DEPARTMENT OF PUBLIC SAFETY | May 25, 1943 | Jan. 13, 1944 | 34 |
| DEPARTMENT OF LABOR AND INDUSTRIES: | | | |
| General Department | June 21, 1943 | Apr. 3, 1944 | 34-36 |
| Labor Relations Commission | June 21, 1943 | Apr. 3, 1944 | |
| Division of Employment Security | Apr. 20, 1943 | Apr. 24, 1944 | 36-37 |
| DEPARTMENT OF INDUSTRIAL ACCIDENTS | May 17, 1943 | Mar. 20, 1944 | 37 |
| DEPARTMENT OF PUBLIC UTILITIES | June 8, 1943 | Aug. 10, 1943 | |
| DEPARTMENT OF BANKING AND INSURANCE: | | | |
| Division of Banks | May 10, 1943 | Jan. 7, 1944 | 37-38 |
| Division of Insurance | Apr. 16, 1943 | Oct. 1, 1943 | |
| Division of Savings Bank Life Insurance | May 13, 1943 | Dec. 13, 1943 | |
| Division of Liquidations | May 5, 1943 | Aug. 31, 1943 | 38-39 |
| Supervisor of Loan Agencies | Feb. 26, 1943 | Dec. 28, 1943 | |
| DEPARTMENT OF CORRECTION: | | | |
| General Department | Mar. 1, 1943 | Apr. 10, 1944 | 39 |
| Massachusetts Reformatory | Jan. 5, 1943 | Sept. 13, 1943 | 39 |
| Reformatory for Women | Dec. 16, 1942 | July 7, 1943 | 39 |
| State Farm | Dec. 2, 1942 | July 1, 1943 | 39-40 |
| State Prison | Dec. 10, 1942 | Aug. 2, 1943 | 40-41 |
| State Prison Colony | Dec. 7, 1942 | July 12, 1943 | |
| METROPOLITAN DISTRICT COMMISSION | Apr. 22, 1943 | Aug. 16, 1943 | 41 |
| METROPOLITAN DISTRICT WATER SUPPLY COMMISSION | Apr. 22, 1943 | Mar. 23, 1944 | 41 |
| LEGISLATURE: | | | |
| Sergeant-at-Arms | Mar. 3, 1943 | Dec. 27, 1943 | |
| CLERK OF THE SUPREME JUDICIAL COURT FOR THE COMMONWEALTH | Mar. 8, 1943 | Apr. 4, 1944 | |

ADJUTANT GENERAL'S DEPARTMENT

Armory Rentals: The recommendation in the previous audit report that the Comptroller's Bureau be requested to provide a serially numbered stub permit form for use in connection with armory rentals by non-military organizations, has not yet been adopted and it is again advised that such requests be made.

ALCOHOLIC BEVERAGES CONTROL COMMISSION

Advance Money: It is recommended that all refunds from personal toll calls, sales of stamps and other sources be kept separate from the advance money in order that this account may more readily be reconciled.

COMMISSION ON ADMINISTRATION AND FINANCE

Meetings of the Commission: It was noted that the commission does not keep minutes of its meetings and apparently there is no mention in the General Laws that minutes of the meetings of the commission are required.

Bookkeeping Records for the Commission's Activities: It is again recommended that at least a cash book be installed in which all cash transactions originating in the commission may be recorded, as this commission keeps no separate books of record for the accounts of the commission. The entries concerning it are made directly in the general books of the Commonwealth.

Supply Room—Old Accounts Receivable: Attention is called to the unpaid accounts totaling \$874.57 representing items sold prior to December 1, 1942. Most of these items remain unpaid because there was no money available in the particular appropriation and the department concerned requested but did not receive a deficiency appropriation. It is suggested that the Commission find some way to clear these accounts.

Revision of the Accounting Systems in the Department of Public Works and the Metropolitan District Commission: Under the provisions of Chapter 419 of the Acts of 1941, an appropriation of \$25,000.00 was made to the Commission on Administration and Finance for expenses incidental to the revision of the accounting systems in the Department of Public Works and the Metropolitan District Commission under the direction of the Commission on Administration and Finance. To June 27, 1944 this appropriation was increased by transfers totaling \$3,000.00 from the Governor's War Emergency Fund. Charges to it were as follows:

| | |
|----------------------------------|-------------|
| Personal Services | \$24,705.00 |
| Traveling Expenses | 1,192.47 |
| Rental of Machines, etc. | 904.11 |
| | <hr/> |
| | \$26,801.58 |
| | <hr/> |

Referring to the Revision of the Accounting System, the audit report of November 1, 1943 on the examination of the accounts of the Department of Public Works, stated:

"On the date of audit it appeared that a satisfactorily operating business machine system had not reached the stage of completion. An example of conditions, as relating to certain records, is cited in the matter of inventory control. On December 22, 1943 test inventories were taken at store No. 1 and store No. 2 totaling 146 items. Immediately following, the Business Agent's office was requested to submit necessary records for comparative purposes, but it was not until January 27, 1944, that such records were produced. With the exception of 22 items, the control record failed to agree with the physical count, . . . Since a test inventory generally serves to reflect the condition of a store account, it seems obvious that much additional work will be required to perfect an accurate and smoothly operating control. It is needless to observe that any arrangement or system as applying to inventory records is completely without value unless correct and immediate information is available."

From the invoices on file in the Comptroller's Bureau it would appear that Mr. Nelson of the Public Administration Service left the Department of Public Works in November 1943 and returned in April 1944. It is understood, although the invoice covering it had not (June 27, 1944) been scheduled for payment, that Mr. Nelson was working at the Department of Public Works during some portion of May and June 1944.

On July 1, 1944, the Department of Public Works was visited and the progress of the installation discussed with Mr. Nelson of the Public Administration Service who stated that the installation was virtually completed and that the question of inventory control was in the process of being straightened out.

It was noted that to July 1, 1944 the installation covered only the highways section of the Department of Public Works. It was understood from Mr. Nelson of the

Public Administration Service that certain surveys were made of the accounts of the Metropolitan District Commission, but that no attempt was made to revise the accounts because of a lack of suitable machine equipment.

The Chairman of the Commission on Administration and Finance was requested for the file of correspondence relating to the revision of the accounting system, which request was granted. There is nothing apparently in this file to indicate that bids were solicited from accounting firms to do this work, but it was understood during a conversation with one of the officials in the department, that at least two Boston Public Accounting offices were asked if they were interested and that both stated they were not. It would appear from the file that no written contract was entered into between the Commonwealth and the Public Administration Service and that instructions to the Public Administration Service were given orally.

In this connection a letter was written by a former Chairman of the Commission on Administration and Finance under date of December 19, 1941 to the Attorney General —

"Will you please review the attached correspondence with particular reference to the proposed letter directed to Public Administration Service from the Commission, with the thought in mind of suggesting changes in the letter which would tend to further protect the interest of the Commonwealth in the contemplated agreement . . ."

Under date of December 23, the following reply was received from the Attorney General:

Copy

DECEMBER 23, 1941.

HON. PATRICK J. MOYNIHAN

Chairman, Commission on Administration and Finance.

Dear Sir:

Your letter of December 19th to the Attorney General has been handed to me for reply, in relation to the contract which you desire to make with the Public Administration Service.

Why should not this contract be reduced to writing? It would seem to be the better way and be much the same way that the contracts of the Public Works Department for services to be rendered by various people in taking wash borings are but in a regular form.

In so far as your letter of December 16th, which you propose to send to the contractor, is concerned, there are several matters which make it somewhat inadequate to form a binding contract.

The letter which the contractor sent to you under date of November 12th was not in its form an offer to complete the installation of the accounting system at a total cost not to exceed \$23,200. It was an offer to do the job for compensation at a fixed schedule rate, with *estimate* of \$23,200.

Later oral conferences, I assume, changed this to an offer to do the work for \$23,200. Your letter accepting an offer from them should be based not on their letter of November 12th alone but upon an offer contained in their letter as subsequently modified orally.

The two letters taken together make no provision for withholding payments until after the completion of the job. If bills are paid monthly the entire sum of the compensation might be paid out to the contractor before the work was completed so that the contractor might then have an opportunity to leave us flat.

I understand that the contractor has already been doing some work and your first paragraph in your letter of December 16th should be changed so as to show that \$23,200 is the total price both for work *done* and for work to be performed in the future.

In the contractor's letter of November 12th there is a misleading phrase to the effect "in performing their work members of the staff of Public Administration Service will look upon themselves as temporary technical assistants of the Commission on Administration and Finance."

There should be a clause in your letter making it plain that the contractor's

employees do not have the status, rights or privileges of employees of the Commonwealth.

Very truly yours,
ROBERT T. BUSHNELL, *Attorney General*
By

ROGER CLAPP
Assistant Attorney General

GOVERNOR'S COMMITTEE ON PUBLIC SAFETY

Invoice for Advertising: It was noted that an invoice for advertising services dated in January 1944 in the amount of \$1,258.88 was not scheduled for payment until March 1944. It is understood that the delay is due to the fact that permission had not been obtained to contract for the services prior to the receipt of the invoice.

Insignia Fund: It was noted that the fund was liquidated and the balance of \$3,979.95 was turned over to the State Treasurer as Departmental Income. The insignia on hand was likewise transferred to the Department.

Bonding of Employees: It was noted that none of the employees of this department are bonded.

MASSACHUSETTS AERONAUTICS COMMISSION

Bonding of Employees: It was noted that none of the employees of this department are bonded.

STATE RACING COMMISSION

Outstanding Tickets: On the date of the current audit there were records in the office of the State Racing Commission showing outstanding tickets as follows:

| | | | | | | |
|-------------|---|---|---|---|---|--------------------------|
| 1935 season | . | . | . | . | . | \$ 29,303.90 |
| 1936 season | . | . | . | . | . | 32,287.40 |
| 1937 season | . | . | . | . | . | 29,968.40 |
| 1938 season | . | . | . | . | . | 26,733.10 |
| 1939 season | . | . | . | . | . | 21,125.50 |
| 1940 season | . | . | . | . | . | 18,596.70 |
| 1941 season | . | . | . | . | . | 27,024.10 |
| 1942 season | . | . | . | . | . | 31,693.40 |
| 1943 season | . | . | . | . | . | 46,364.00 |
| | | | | | | <hr/> \$263,096.50 <hr/> |

Winning tickets not cashed during the racing season are recorded in total in each season and such records appear in the files of the State Racing Commission. The only record of the individual tickets unpaid is at the office of the respective racing associations. The racing commission accepts whatever figure the associations give and the money represented by the unpaid tickets remains in the custody of the racing associations.

It was noted that House Bill No. 1547 was filed during the last session of the General Court and was an act providing for the disposition of monies held for payment of outstanding pari-mutuel tickets. This bill provided that unclaimed monies would be turned over to the State Racing Commission subject to certain instructions. It was noted, however, that this bill was referred to the next session of the General Court.

Bonding of Employees: It was noted that none of the employees of this commission are bonded.

SOLDIERS' HOME IN MASSACHUSETTS

Acting Treasurer: It was noted that as yet no treasurer has been appointed, but a principal clerk has been designated acting treasurer with authority to sign checks.

Custody of the Legacy Fund and of the Effects Fund: Past audit reports have repeatedly called attention to the fact that the custody of these two trust funds was given to the Old Colony Trust Company in Boston, Mass., on October 23, 1935. Previous audit reports have also suggested that the propriety of the Old Colony

Trust Company having custody of the trust funds be referred to the Attorney General for an opinion. An opinion was requested under date of June 5, 1943 by the Chairman of the Board of Trustees and to date this request for an opinion has not been answered.

COMMISSIONER OF VETERANS' AID AND PENSIONS

Checking of Payments on Account of State and Military Aid and Burials: In the previous audit report attention was called to the fact that the dates of returns from the cities and towns for state and military aid and burials vary from a few days to several months after the tenth of the following month. In this connection reference was made to the fact that Section 15 of Chapter 115 of the General Laws as amended, referring to the returns, states:

"... shall, within the first ten days of the month following the month in which the expenditure was made... be certified... to said commissioner."

At that time it was suggested that the Attorney General be requested to give an opinion relative to the discrepancy in dates. In this letter under date of February 8, 1943 an opinion from the Attorney General was received and the following excerpts from that opinion are shown:

"You have asked me whether payments made by the Commonwealth to cities and towns for reimbursements under Section 15 have been validly made in instances where the municipality has not certified the amount expended for state or military aid *within the first ten days of the month* following the month in which the expenditure was made, but have filed such certificates and the data required by Section 15 later than the date set forth in said Section 15.

"I am of the opinion that the fact that such certificates were not filed on or before the date mentioned in said Section 15 does not render invalid payments made in reimbursement under Section 15."

STATE LIBRARY

Bookkeeping: It was noted that no general ledger is kept in this department, nor are monthly financial reports compiled. The accounts that are maintained are on an informal basis and apparently were never prescribed by the Comptroller's Bureau.

Bonding of Employees: It was noted that no employees are bonded.

DEPARTMENT OF THE SECRETARY OF THE COMMONWEALTH

Unrecorded Receipts in the Division of Vital Statistics: On the date of the current audit there was found to be a certain number of applications for certificates with money attached which had not been passed through the books of record. This money comprised in the main certificates which were in the process of being made out. A few older items were for cases for which correspondence was required. It was recommended that the Comptroller's Bureau institute a better arrangement for the handling of these suspense items.

TREASURER AND RECEIVER-GENERAL

Cash Reconciliation February 29, 1944: On this date there were receipts aggregating \$234,343.35 on hand not yet recorded in the cash balance when the cash reconciliation was completed on February 29, 1944. These funds were received on that date after the books had been closed and were recorded in the cash receipts journal on March 1, 1944.

Municipal Relief Loan Interest: It is noted that there was \$36,165.09 on the accounts as an accumulation of interest charged the cities and towns over the amount of interest paid by the Commonwealth on borrowings, referred to in the previous auditor's report, which was transferred to general revenue in accordance with Chapter 347 of the Acts of 1943.

Middlesex and Boston Street Railway Co. Bonds: In connection with the verification of guaranty deposits it was noted that there was on hand \$150,000.00 of 5½% First Mortgage Bonds of the Middlesex and Boston Street Railway Co., deposited by that organization as "Motor Bus License Deposit Funds" and which had a due

date of January 1, 1942. Question was raised as to whether these bonds constitute a satisfactory deposit for the purpose intended in view of the expiration of the due date. Under date of March 21, 1944 the following letter requesting information in this regard was sent to the Department of Public Utilities:

MARCH 21, 1944

MR. CARROLL L. MEINS, *Chairman*
Department of Public Utilities
State House
Boston, Massachusetts

Dear Sir:

In the course of an audit now being conducted in the office of the Treasurer and Receiver-General, it is disclosed that the Middlesex and Boston Street Railway have under safekeeping a total of \$150,000 5½% First Mortgage Bonds described as the "Motor Bus License Deposit Fund". An examination of these bonds reveals a due date of January 1, 1942.

The question is now raised as to whether or not these bonds constitute a satisfactory deposit for the purpose intended under the law in view of the expiration of the due date. It is my understanding that these bonds represent a guaranty fund to insure payment of injury claims.

I shall greatly appreciate your decision in the matter.

Very truly yours,

s/ THOMAS J. BUCKLEY

Auditor

MG

Under date of May 17, 1944, the following reply, indicating that the Department of Public Utilities was satisfied with these bonds as collateral, was received:

THE COMMONWEALTH OF MASSACHUSETTS

Department of
Public Utilities
State House, Boston

Copy

MAY 17, 1944

HONORABLE THOMAS J. BUCKLEY
Auditor of the Commonwealth
State House, Boston

Dear Sir:

In reference to the "Motor Bus License Deposit Fund" of the Middlesex & Boston Street Railway Company, we have refrained from giving you a full report on the subject pending the result of several conferences with the Company.

The Department is satisfied that these bonds, now deposited as collateral in the State Treasurer's office, constitute a satisfactory deposit for the purpose intended under the law, even though said bonds have matured.

Our opinion for the above is based on the fact that this collateral, which consists of \$150,000 face value of first mortgage 5½ per cent bonds of the Middlesex & Boston Street Railway Company, although matured, is as readily reachable by a claimant as though they had not matured. They constitute a prime lien on a property valued at far in excess of the penal sum of the bond. However, even though we are satisfied that the public is protected under the statute, we are, nevertheless, insisting that the Company provide new collateral for that now on deposit, or to take the necessary and proper steps as soon as possible to extend the due date of the present collateral. We believe that this should be done to avoid misunderstanding as to whether or not the present collateral complies with the law.

Very truly yours,

s/ JAMES M. CUSHING

Administrative Secretary

STATE BOARD OF RETIREMENT

Reconciliation of Cash with State Treasurer: In reconciling the cash balance of December 31, 1943 with that shown by the Treasurer and the Comptroller's Bureau it was noted that the sum of \$560.14 representing certain annuity cancellations for 1940 and 1941 had not been recorded in the Treasurer's records to the credit of the

Board of Retirement Fund. It is understood the Budget Commissioner will have to obtain an appropriation or other authorized transfer of this sum before the Treasurer can properly record these cancellations of annuity payments on his books.

DEPARTMENT OF THE ATTORNEY GENERAL

Appropriation Deficiencies: The audit report calls attention to deficiencies in the appropriation granted to the Department of the Attorney General by Chapter 495 of the Acts of 1939 for an investigation of the New York, New Haven and Hartford Railroad Company. Attention was also called to deficiencies in the 1940 appropriations for administration and other expenses. It is understood that an effort was to have been made to have the General Court provide funds for the payment of these liabilities, but it does not appear that any funds were provided by the General Court which met during 1943.

Advance Money: It was noted that items advanced to employees and others prior to the current fiscal year and including amounts advanced during the 1939 year have not yet been liquidated. It is recommended that an effort be made to collect or clear these older items so that this account will include only those transactions which affect the current fiscal year.

Bonds: It was noted that none of the employees of this department are bonded.

DEPARTMENT OF CIVIL SERVICE AND REGISTRATION

Professional and Consulting Services: It was noted from the records of this department that the sum of \$3,688.23 was expended during the fiscal year 1943 for professional and consulting services. An effort was made to check these expenditures but was not accomplished because of the failure of the department of Civil Service and Registration to divulge sufficient information and records for auditing purposes. An objection was raised by the former director of this department and centered on the alleged confidential nature of the services performed. This factor, however, bears no relationship to accounting procedure since the interest of the Auditor's office in such an examination is confined to a routine check establishing the validity of individual expenditures from a standpoint of (a) authority of law; (b) knowledge of actual services rendered; (c) reasonable determination of value received for any item of payment.

It is hoped that the Auditor's Department will be allowed to make further inquiry into this matter since the present status of the audit leaves several large items of expenditure without proper verification for the current year and preceeding fiscal years.

BOARD OF REGISTRATION OF BARBERS

Examination Failure Notices: It is suggested that serially numbered (failure) forms be obtained for use in notifying applicants of their failure to pass examinations. This would greatly facilitate audits of examination income.

BOARD OF REGISTRATION IN CHIROPODY

Receipts: It is recommended that a separate receipt book be kept for first examination and re-examination fees and that receipts be given for all fees received.

BOARD OF REGISTRATION OF EMBALMING AND FUNERAL DIRECTING

Examinations: It is recommended that a receipt taken from a duplicate copy serially numbered receipt form be given to each person paying examination fees, the fee to be printed both on the receipt and the stub.

BOARD OF DENTAL EXAMINERS

Examination Fees: Referring to these fees, it is recommended that all persons paying examination fees be given or mailed a receipt for the fee paid and that a separate receipt book be used for each type of examination.

BOARD OF REGISTRATION OF PROFESSIONAL ENGINEERS AND OF LAND SURVEYORS

Appointment of Board Members: In this connection, it is noted:

Section 3 of Chapter 643, Acts of 1941 reads as follows:

"The initial appointments of the members of the board of registration of professional engineers and land surveyors provided for by this act shall, within ninety days after the effective date hereof, be made by the governor, with the advice and consent of the council. . . ."

While it is agreed that no compensation has been paid the members and that no business has been performed by them prior to the effective date of the act, it still remains a fact that the appointments and qualification dates of the members were not in conformity with Section 3 quoted above. As the propriety of the acts of the board might be questioned sometime in the future, it was suggested at the time of the previous examination that this question be referred to the Attorney General. It was noted that an opinion has been requested of the Attorney General in a letter dated April 12, 1943, but to date no written official opinion has been received by this board.

BOARD OF REGISTRATION OF HAIRDRESSERS

Prior Year Renewals: It is recommended that a column be added in the cash book for "Prior Year Renewals" when a new cash book is ordered.

BOARD OF REGISTRATION IN MEDICINE AND BOARD OF REGISTRATION IN NURSING

Custody of Cash: It was noted that six employees of the department now handle income cash and it is recommended that the Division of Registration and Comptroller's Bureau study the advisability of relieving these various employees of this responsibility and designating one person as the cashier for both of these divisions.

Suspense Account: As it now operates the suspense accounts are merely reference accounts without control or proof. Items actually in suspense such as for those awaiting examinations are not considered as suspense items by the division authorities. It is recommended that the feasibility be studied of making this suspense account an actual control account.

Numerical Control: As now installed, such control as exists is centered on the numerical sequency of the applications. As these numbers are given or withheld at the discretion of the clerk, and as they are frequently retroactive for long periods of time, there is, as a matter of fact, little or no control. It is recommended that the Division of Registration and the Comptroller's Bureau study the feasibility of making the numerical sequence of the certificates the control and proof of the accounting for these items.

Items in Suspense Account in Division of Nursing: It was noted from an analysis of the suspense items that of the 278 items involved, 155 have been in that category for a period in excess of two years. It is recommended that some date should be established and that all accounts older than that date be cleared.

BOARD OF REGISTRATION IN PHARMACY

Pending Items: There are two files of pending applications, one known as Current Pending, and one known as Inactive Pending. It was noted from the list of the pending applications in the files that the current pending items totaled \$485.00 and the inactive pending items totaled \$610.00, and was made up of 122 applications on account of examinations bearing dates from 1933 to 1943. It is recommended that some date be established and all accounts older than that date be cleared.

DEPARTMENT OF CORPORATIONS AND TAXATION

Purchase of Bookkeeping Machines: It was noted that the Income Tax Division purchased six electric bookkeeping machines from the Remington Rand Company in August 1940. Invitations to bid were sent to fourteen companies and the Remington Rand Company was apparently the low bidder at a bid of \$10,500.00. Attention is called particularly to the fact that the bid states:

"Confirming our letter of March 9 and in reply to proposal requisition

No. 126, Income Tax Department dated April 12, 1940, we will furnish and deliver free of all charges, six (6) Remington Accounting Machines model 83F, equipped with dual print mechanism, shuttle carriage and other machine features necessary to make tax bill, warrant and analysis breakdown (at one operation) for a gross price of \$10,500.00."

In discussing this matter with officials of the Income Tax Division, it was learned that the machines delivered under this bid were not used during the 1940 season for the purpose for which they were purchased because certain machine features were not available and the machines were used only for listing purposes.

In May 1941, the Remington Rand Company informed the Income Tax Division that in order to properly equip these machines to do the work for which they were purchased, an additional expenditure of \$4,252.00 would be necessary to purchase seventy-five registers. It is worthy of note that when the cost of the seventy-five registers of \$4,252.00 is added to the first cost of \$10,500.00 it gives a total of \$14,752.00 which is higher than the other two original bids submitted—namely Burroughs Company \$13,348.80 and the Underwood Elliott Fisher Company \$11,907.00.

In view of the language of their original bid, it is the opinion of this department that the Remington Rand Company violated the conditions of their bid and that the original bill should not have been passed for payment, since the machines when they were delivered were not equipped to do the work for which they were purchased. This matter was referred to the Attorney General by the Commissioner of the Department of Corporations and Taxation on May 21, 1942.

It was noted that, as of May 1, 1944, no action had been taken by the Attorney General.

Suspense Items in the Cigarette Tax Division: It was noted on June 16, 1944, that there were 93 items totaling \$95.00 which were held in suspense pending adjustment or correction. These items were received from one day to three weeks before that date. The cash was kept with the correspondence without any cash record of its receipt and ordinarily would not have been turned over to the collector of income taxes until warrants were prepared. Because of the suggestion made during the current audit, a memorandum record is now being kept of this cash and its final distribution.

It was also noted that in certain instances money orders and checks had been returned to the sender without any book record being made.

DIVISION OF ACCOUNTS

Cash Books: It is recommended that the Comptroller's Bureau be requested to provide a columnar cash book in which all cash transactions, including those in advance money, may be recorded. This one folio will take the place of the two books which are being currently used—one for receipts on account of certification of notes and the other for receipts on account of sales of supplies. Heretofore the transactions in advance money have not been recorded in any cash book.

DEPARTMENT OF EDUCATION

Business Office—General Records: On the date of audit, May 8, 1944, it was noted that no trial balance of the general ledger had been taken since June 30, 1944. Certain accounts, especially those controlling appropriations were seen in which no postings had been made since the close of the 1943 fiscal year. Because of this situation no monthly financial reports had been filed with the office of the State Comptroller since June 30, 1943.

Division of University Extension—Cash on Hand, not Deposited and not Recorded: It was noted that there were on hand in cash in the Division's safe on the date of audit, May 8, 1944, 121 items totaling \$267.50, made up of amounts varying from fifty cents to ten dollars. This amount covered receipts on account of cash payments extending back to October 14, 1943. It was further noted that there was on hand in the Division's safe in currency \$261.25, consisting of 34 items received during the period from July 26, 1943 to the date of the audit, and represented receipts from the sales of course materials to schools, institutions, etc. In addition, there was on hand, the amount of \$744.92. These items for the most part were received

between December 1943 and February 1944 and represented receipts from correspondence courses for the Armed Forces and others. This amount did not include amounts totaling \$748.44 which were received during March and April 1944. Items totaling \$101.25 were found which were awaiting refund to members of the Armed Forces. With the exception of a \$3.50 money order this amount was in currency, and was received mainly during the period from January 21, 1944 to May 8, 1944. In connection with the foregoing, attention is called to the following:

Constitution — Art. LXIII. Sec. 1. "All money received on account of the commonwealth from any source whatsoever shall be paid into the treasury thereof."

G. L. Ch. 30, Sec. 27. "Except as otherwise expressly provided, all fees or other money received on account of the commonwealth shall be paid daily into the treasury thereof, but if in the opinion of the commission on administration and finance and the state treasurer the interests of the commonwealth require, payments may be made weekly in accordance with such rules and regulations as the state treasurer may prescribe."

Division of University Extension — Refunds of Class Fees Direct, not by the State Treasurer: It was noted that refunds of fees paid to a secretary or organizer who was sent to the class meetings for the purpose of collecting fees, taking attendance, etc., is also refunded by her, provided that the class is not continued. These refunds are made in many cases in currency as well as by checks. Refunds totaling \$699.00 representing 102 items were made in this way during the 1943-1944 season. It is recommended that all monies received be deposited to the State Treasurer and if it is determined that a refund is necessary such refund should be made in the manner prescribed by State financial routines.

Division of University Extension — Refunds to Armed Forces on Account of Payments to Correspondence Courses: When a member of the armed forces desires to take a course, application is made to the United States Armed Forces Institute. This application is accompanied by a fee. The application is acted upon by the authorities there and if it is approved, the application is forwarded to the Massachusetts Department of Education for completion. The fee accompanying the application as received by the Armed Forces Institute is, in numerous cases, an overpayment, as the applicant is not always familiar with the charge for the course and also because of the fact that the United States Government pays one-half of the required fee. The application is forwarded to the Massachusetts Department of Education accompanied by the fee as received which includes the overpayment. The transmittal is accompanied by an order explaining the overpayment as follows:

"It is impossible to adjust this overpayment at this headquarters without an additional exchange of correspondence with the student which would involve considerable delay. The application is therefore forwarded to you for approval with the request that your office return the overpayment to the applicant."

Refund is made by the division's employees in the following manner. Cash is obtained by substituting money orders of individuals to whom refund is due for cash of items scheduled for clearance. The funds thus obtained are turned in to money orders in the proper amounts of the overpayment and sent to the individual concerned. This method of refunding money obviously is contrary to the accepted methods employed in state accounting procedure.

The identity of funds accompanying applications is difficult to trace as a money order of one individual may be substituted for the cash payment of another in order to facilitate the making of a refund. As an example, the following illustration is given to more clearly show the transactions:

An application was received from a member of the armed forces through the Armed Forces Institute, accompanied by a money order in the amount of \$42.00 on July 26, 1943. This was accompanied by an order from the Armed Forces Institute stating overpayment was \$38.00 and requesting refund of this amount. Refund of \$38.00 was made on October 21, 1943 by money order. The initial assignment and material for the course was furnished the applicant. He did not seem satisfied and was told by the division that if he did not wish to complete his course, the remaining \$4.00 would be refunded. On date of audit, May 8, 1944, this application and fee had not been recorded and was on hand in currency. It was necessary to

further check this item on June 26, 1944, and when reference was made to the application, it was seen that the fee was in the form of a money order dated April 5, 1944, sent in by another individual.

Therefore, there has been in the division's safe \$4.00 which has not been recorded for a period of eleven months, sometimes in the form of currency and at other times as a money order depending on the necessity of obtaining cash for refunds.

Refunds totaling \$484.65 were made varying in amounts from \$.02 to \$38.00.

Division of University Extension — Sales of Materials, Items, Billed not Charged in Accounts Receivable Control Account: Instances were seen of 40 cases where the amounts billed were not charged in the accounts receivable account on May 8, 1944 in the aggregate amount of \$213.17. These items in a great many instances went back to the 1943 fiscal period. This practice of not charging through the accounts receivable record for services rendered until such date as the bill is paid obviously is not correct, and it is suggested that charges be passed through the control accounts immediately when services are rendered. This can best be accomplished by sending a copy of these bills to the Business Agent's office immediately.

Division of University Extension — Sales of School Supplies and Books to State Institutions and Others (Correspondence): Correspondence courses are furnished the patients in State and County institutions, etc., as well as to inmates in correctional institutions. The charges for such instruction consists of school supplies and books as well as postage. No fee is charged for the cost of furnishing these courses. Instruction is furnished without charge, as prescribed by statute. The only charge made in the accounts receivable account (Miscellaneous University Extension Sales) is the postage which is, of course, comparatively small. The charge for books and supplies is put on a so-called "free list" and is entered in the accounts, both as a charge and credit for the required fees at such time as the bill is paid. It is suggested that these be passed through the accounts when shipments are made rather than when the items are paid for.

Division of University Extension — Checking of Income A/C Cost of Class Instruction: Enrollment fees with the applications are received at the office of the Division of University Extension either in person or by mail. The greater number of fees, however, are collected by the organizer or secretary at the opening sessions of each class. When a fee is received by mail a post card acknowledgement which serves as receipt is mailed to the student. This post card serves as ticket of admission to the opening class and is supposed to be exchanged for serially numbered ticket at the opening meeting. No duplicate is retained in the office for checking purposes. When a fee is paid in person a receipt is given from a serially numbered receipt book. The same type of receipt books are used when giving receipts for office payments, both for partial payments and payments in full. These receipt forms are supposed to be exchanged for a serially numbered ticket at the opening meeting of the class. The organizer or secretary attending the sessions of the class uses both serially numbered tickets and serially numbered stub books. An assignment of serially numbered tickets is made by a clerk in the division office to the secretary or organizer based on the expected attendance. The secretary is also furnished with a receipt book. If the attendance is greater at the opening meeting than was estimated the supply of tickets is, of course, exhausted and the receipt book is used to record additional receipts. The payments thus made on the receipt forms are recorded in duplicate and the student is instructed to return the receipt on a subsequent session of the class and receive a regular form serially numbered ticket. During the 1943-1944 class sessions approximately \$11,697.00 was recorded on the receipt forms, the individual amounts varying from 50 cents to \$37.50. Receipts totaling \$5,730.00 were included which were not redeemed for tickets or were partial payments not completed. The use of receipt books in such quantity obviously defeats one of the purposes for which the tickets were originally intended, that is, checking of the income through inventory of serially numbered forms. It is therefore obvious that the value of serially numbered tickets from an auditing point of view as well as from an administrative point of view has been lost and it is suggested that the prevailing routines be studied and where necessary corrections should be made so that these tickets may be used to their best advantage.

Division of University Extension — Text Books: On the date of audit the value of

these books on hand as per the stock records totaled \$4,378.00. An inventory taken at that time indicated overages totaling \$169.65 and shortages of \$41.94.

Because of the number of employees who have access to the book storeroom it would be difficult to rest the responsibility on any single individual and it is suggested that one person be vested with complete control over all necessary records, etc., incidental to the issuing of books. At the present time the person who functions as storekeeper is listed on the pay roll records as a senior clerk. Another individual is carried on the pay roll as storekeeper, but her functions do not concern the storeroom.

It was noted that books purchased at a cost in excess of \$1,000.00 were listed in the active book inventory but were apparently obsolete insofar as sales are concerned. It is recommended that these books which are not to be used in connection with current classes be removed from the active book file and placed in the so-called obsolete file.

The stock records used in the book storeroom consist of a card index file which records only units of receipts and issues with no record being made of the value of the units received or issued. In many instances the unit price is not recorded on the particular ledger card in use. It is, therefore, recommended that a general ledger control account be installed for the stock ledger of textbooks on hand and that the inventory be controlled by monetary valuations. Several instances were noted of adjustments having been made on the card stock ledger. There does not appear to be any written authority for these adjustments and it is suggested that they all be approved by an authorized person.

Division of University Extension — Rental of Films and Slides: Because of the lack of necessary information it was determined to be impossible to check the income received from the rental of films and slides. Films are usually shipped through the Railway Express Agency, whose driver signs a receipt book, the stub of which is kept in the division's office. This shipping record does not give complete information required as to the names of the films or the destination. The only other record kept by the division is a card file giving the name of the film and also data containing information relative to the name of the person or organization renting the film. This file, however, is not complete in detail and could not be used for a checking medium. It is recommended that the conditions relative to the rental of films be reviewed so that the income from this source may be adequately controlled.

Vocational Rehabilitation Reimbursement: In this connection it was noted that the Division of Vocational Rehabilitation pays for tuition, supplies, transportation and maintenance when required of persons who are receiving vocational rehabilitation training, and when the training is completed the trainees are furnished the necessary tools to enable them to carry on their occupation. The trainee, as he is able, reimburses the Division for the cost of tools furnished him, but he is not required to reimburse the Division for the cost of his training. The Division files contain folders marked with the trainee's name and number, and each folder contains all data relative to that person. In this folder will be found memoranda showing the receipt of money from the trainee and its transfer to the business agent. It was again noted that there is no form of control account showing the total amount of money which these trainees owe the Division, and no index is kept of the trainees who are reimbursing the Division for tools furnished. There is, however, a book which is now being used to record monies received from trainees account of reimbursements. This book shows the amounts paid, the date of payments, the name of the trainee and the balance which that person owes. After each payment made by the trainee appears the amount which he still owes. In examining the accounts of this Division there is no way of knowing that the records of all trainees have been inspected, in view of the lack of a proper control. It is recommended that some form of control account be set up for this account.

Trust Funds — State Teachers College at Salem: It was noted that the Amanda Parsons Fund as appearing on the books of the Comptroller's Bureau was not recorded in the department's general ledger, nor was it found recorded in the books of the Salem State Teachers College. The first entry appears on the Comptroller's records in March 1941. This matter was brought to the attention of the Comptroller's Bureau and corrective measures were instituted.

TEACHERS' RETIREMENT BOARD

Deficiencies in the Annuity Reserve Fund: Paragraph 2 of Section 9 of Chapter 32 of the Tercentenary Edition of the General Laws as amended by Section 14 of Chapter 508 of the Acts of 1939 provides:

"The Commonwealth shall in each odd-numbered year contribute such amount as is necessary to make good any deficiency in the annuity fund for active or retired members as of the preceding thirty-first day of December."

Deficits in the annuity fund from December 31, 1938 to December 31, 1943, inclusive, have been as follows:

| | |
|-----------------------------|--------------|
| December 31, 1938 | \$ 45,321.68 |
| 1939 | 43,125.07 |
| 1940 | 86,474.74 |
| 1941 | 98,505.56 |
| 1942 | 148,566.45 |
| 1943 | 100,355.16 |
| | <hr/> |
| | \$522,348.66 |
| | <hr/> |

Except for the deficit of December 31, 1942 in the amount of \$148,566.45, the statutes have provided that notwithstanding the provisions of Chapter 32, as noted above, these deficits shall be taken from the surplus account.

Provisions for reimbursing the surplus account and the annuity fund have been made as follows:

| | |
|---|--------------|
| Item 1305-5, Chapter 419, Act of 1941 | \$ 45,000.00 |
| | 43,446.75 |
| Item 1305-5, Chapter 370, Acts of 1943 | 100,000.00 |
| Item 1305-7, Chapter 572, Acts of 1943 | 33,568.29 |
| | <hr/> |
| Available as of December 31, 1943 | \$222,015.04 |
| Available in 1944: | |
| Item 1305-5, Chapter 370, Acts of 1943 | 100,000.00 |
| Item 1305-7, Chapter 572, Acts of 1943 | 99,978.46 |
| | <hr/> |
| Total provisions for reimbursements | \$421,993.50 |
| Add deficit December 31, 1943 to be provided for in accordance with Section 14 as noted above | 100,355.16 |
| | <hr/> |
| | \$522,348.66 |
| | <hr/> |

DIVISION OF THE BLIND

Raw Materials Requisitions: Requests for raw materials are not signed by any person in authority and it is suggested that the signature of an authorized employee should appear on the requisitions.

Finished Goods Stock Ledger Control — Cambridge Industries: It is recommended that an account should be set up in the general ledger to control finished goods as a stock ledger without a control is of little value. At the present time only raw materials are controlled through the general ledger. It was also noted that any variances between the stock ledger balances and the physical inventory figures are not adjusted at the end of the fiscal period. The correct balances are simply brought forward to the new stock ledger.

Federal Participation — General Administration: In accordance with the approved plan of Federal participation in the expense of General Administration, Aid to the Blind, 5% of the salaries of the personnel in the bookkeeping department is reimbursed by the Federal Government. The same percentage is applied to the expenses of rent and light. As it is believed that more than 5% of the time of the personnel is spent on work relating to aid of the blind, it might be advisable to survey the situation so that the Commonwealth may be amply compensated.

Forged Checks Claimed by Aid Recipient: Reference was made in the previous audit report to three checks which were forged by an aid recipient. It was noted that this situation has been entirely cleared by the bonding company reimbursing the State Treasurer.

MASSACHUSETTS MARITIME ACADEMY

Cadets' Deposits — Clothing Account: It was noted that the balance in the cadets' deposits clothing account was short of the balance of the cadets' ledger accounts in the amount of \$45.97. Both this account and the pay roll account should be cleared of all items not properly entered in these accounts, so that they may represent the figure that was intended when the system was installed.

Pay Station Commissions: It was noted that telephone pay station commissions are credited to the canteen fund instead of being turned over to the State Treasurer as income.

STATE TEACHERS COLLEGE AT HYANNIS

Cash Reconciliations: In the past several audit reports comment was made of the fact that the cash reconciliation always developed small cash shortages. This situation was again applicable on the date of the current examination. It is recommended that the cash be balanced daily so that this situation will not continue to recur.

Old Outstanding Accounts Receivable: It was noted that there were several accounts which had been outstanding for a long period of time. It is recommended that they be referred to the Department of Education so that they may be sent to the Attorney General for disposition.

Unpaid Checks: There were four old unpaid checks which should be canceled and the proceeds turned over to the State Treasurer.

Closing of the College: It is understood that as of the closing of the summer school of 1944 this college will be closed. The school building and plant are to be taken over by the Massachusetts Maritime Academy.

STATE TEACHERS COLLEGE AT NORTH ADAMS

Accounts Receivable: It was noted that certain items of semester fees have been outstanding since prior to the 1939-1940 fiscal year. It is advised that the Department of Education be notified of these amounts so that they may be turned over to the Attorney General for disposition.

MASSACHUSETTS STATE COLLEGE

College Production: Beginning in 1940 the budgetary classification "Farm" was changed to "Productive Enterprises" and included the following departments:

- Dairy
- Farm
- Floriculture
- Mount Toby
- Pomology
- Poultry

The college general ledger now includes the following accounts relating to the farm activities:

- Farm Production
- Farm Storage
- Farm Products Used
- Clearing Account Prior Farm Storage

These accounts show only transactions which come within the supervision of the Farm Department. If the titles of these accounts were changed, and the word "Farm" in each of the four accounts were replaced with "College" the production and disposition of all the college departments could be recorded on the financial records of the college treasurer and these accounts could reflect the entire production of all the college departments.

At the time of a previous audit this was brought to the attention of the college treasurer and it was suggested to the treasurer that the college departments might be provided with the subsidiary forms now in use at the Farm Department so that the monthly production reports which are submitted to the treasurer's office could be verified to a record of original entry.

It is again recommended that the college refer this matter to the Comptroller's Bureau and with the co-operation of the Bureau install the necessary records of

original entry and a complete centralized control of all college production and disposition.

Boarding Hall: A previous audit report commented in detail upon the payment of an invoice which covered a payment for merchandise which had never been received by the Boarding Hall. The previous audit report stated:

"The seriousness of passing invoices for payment by the State Treasurer for merchandise never received by the Commonwealth is self-evident. It is, therefore, recommended that the Commission on Administration and Finance review all the elements of these two invoices and have the amounts expended reimbursed to the Commonwealth from the responsible employees."

Alvord Dairy Scholarship Fund: Under the terms of this bequest it was specified that the fund was established as follows:

"... The Massachusetts Agricultural College, Amherst, Massachusetts, provided that the present name and leading features of said college be not changed, to found a scholarship to be known as the Alvord Dairy Scholarship. . ."

The name of this college was changed by Chapter 127 of the Acts of 1932 to the Massachusetts State College and question is raised as to whether the trustees are complying with the original bequest in continuing to retain this fund.

Danforth Keyes Bangs Revolving Fund: This fund was established by the Board of Trustees by transferring \$5,000.00 from the Danforth Keyes Bangs Endowment Fund which had been allowed to accumulate from the original bequest of \$6,000.00. As the Danforth Keyes Bangs Fund was established by a bequest providing:

"... the income thereof to be used annually . . ."

It is recommended that the Attorney General be requested to examine the establishment of the Danforth Keyes Bangs Revolving Loan Fund to determine whether this fund is properly set up under the terms of the original bequest.

Questioned Endowment Fund Expenditures: Certain expenditures for luncheons, flowers, repairs of equipment, etc., are questioned as not having been properly made under the terms of the original bequest.

Endowment Securities — Interest and Dividends in Arrears: It was noted that interest on \$2,400.00 Columbus-Venetian-Stevens 5 per cent First mortgage bonds — 1955, is still in arrears. No dividends were received during the audit period on twelve certificates of the Columbus-Venetian-Stevens Building, Inc.

Homestead: It has been repeatedly commented in previous audit reports on the method in use in the financing of the home management practice house and the course given to the students who use this house. It was recommended that the Commission on Administration and Finance require the college to maintain this course from funds appropriated by the Commonwealth, and that all income collected by the college revert to the State Treasurer. As no change has been made in this arrangement, consequently attention is again called to it.

Collection of Certain Delinquent Loan Funds: In certain instances it was noted that loans to students made from loan funds and which were several years overdue had been collected by a collection agency to whom a commission was paid based on the amounts collected. This arrangement was questioned by the Department of the Attorney General under date of May 18, 1943. The Trustees of the State College, under date of June 1, 1943, indicated that the Trustees had full power by authority of an action taken by the Board of Trustees, and the Treasurer would be requested to collect delinquent loan accounts of trust funds in such manner as would appear to him advisable.

Refunds of Commissions on Telephone Calls from Telephone Pay Stations in Lewis and Thatcher Halls: Refunds of telephone commissions amounting to \$526.85 are made to the detachment fund of the 58th College Training Detachment A.A.F. at Massachusetts State College during the period from April 26, 1943 to October 4, 1943. These two dormitories had been exclusively used by this detachment during that period.

DEPARTMENT OF PUBLIC WORKS

Highways Division — Advance Money: It was noted that advance money from three former employees amounting to \$52.20 has been outstanding since the 1936

fiscal year. These items have been referred to the Attorney General for collection.

Waterways Division — Unpaid Accounts Receivable: It was noted that the unpaid accounts receivable on November 1, 1943 totaled \$56,926.55 and of this amount \$24,010.38 represented charges incurred during 1941 and prior fiscal years. Several of these accounts are in dispute, as for instance, the accounts with certain steamship companies containing charges for wharf storage of wool at piers Nos. 1 and 5 incurred during the truck strike in 1937. These disputed charges on November 1, 1943 included the following:

| | 1937 | 1938-1940 | Total |
|---|-------------------|-------------------|-------------------|
| Commonwealth Pier No. 5: | | | |
| American-Hawaiian Steamship Co. | \$2,781.83 | — | \$2,781.83 |
| Luckenbach Steamship Co. | 1,996.80 | \$681.93 | 2,678.73 |
| Norton, Lilly and Co. | 458.89 | 1,081.50 | 1,540.39 |
| | <u>\$5,237.52</u> | <u>\$1,763.43</u> | <u>\$7,000.95</u> |

| | | | |
|----------------------------------|-------------------|-------------------|-------------------|
| Commonwealth Pier No. 1: | | | |
| Cunard White Star Line | \$ 320.60 | — | 320.60 |
| John T. Hall & Co. | 1,894.73 | — | 1,894.73 |
| | <u>\$2,215.33</u> | <u>—</u> | <u>\$2,215.33</u> |
| | <u>\$7,452.85</u> | <u>\$1,763.43</u> | <u>\$9,216.28</u> |

License Charges

| | | |
|-------------------------------|---------------|------------|
| Boston and Maine R.R. | July 24, 1941 | \$7,990.75 |
|-------------------------------|---------------|------------|

Rents

| | | |
|----------------------------------|---------------|------------|
| Boston Oil Transport Co. | June 21, 1939 | \$1,100.00 |
| Rowland Marine | June 15, 1940 | 1,237.50 |

It is suggested that every effort possible be made in the near future to clear up these accounts together with all other disputed accounts and if that is determined to be impossible all accounts showing unpaid charges on account of 1941 or prior years be turned over to the Attorney General for disposition.

Waterways Division — Suspense Accounts Receivable: On November 1, 1943 the total of the accounts receivable carried in suspense was \$22,976.89 representing 47 accounts. In checking these accounts with the records in the Department of the Attorney General it was noted that 25 of these accounts totaling \$4,164.33 had been canceled by the Attorney General and the Department of Public Works notified, but the accounts had not been charged off on the department's books. It is understood that these items will be presented to the commissioners of the department in the near future for the official approval of that board to be charged off.

Also two accounts, namely, the Atlantic Radio and Marine Company (1933 year charge) \$11,300.00 and Goldman-Slater (1933 year charge) \$96.50 could not be located in the files of the office of the Attorney General and it was suggested to the department that these be resubmitted to the Attorney General.

It is also suggested that the Attorney General be notified if any of the debtors whose accounts are with him for collection also have current accounts with the department on which they are paying, as it would seem settlement could be made on such accounts. One such account was noted on November 1, 1943, namely, the Fauci Oil Company for \$168.00, which has been with the Attorney General for some time.

Waterways Division — Sale of Land and Property: The previous audit report stated:

"A parcel of land, totaling 36,897 sq. ft., on Nashua Street, Boston, was purchased on May 20, 1941 for \$100,000.00 by Daniel F. McGrath. The terms of the agreement called for a down payment of \$6,500.00 and payment of the balance in eleven equal payments of \$8,500.00 each payable

annually on and after May 1, 1942 with interest at $4\frac{1}{2}\%$. The down payment of \$6,500.00 was made but no payment was made of principal or interest due May 1, 1942 and May 1, 1943. Charges for principal and interest were not recorded in the accounts receivable ledger. It is suggested that the proper charges be set up in the accounts receivable ledger."

The charges have not yet been recorded in the accounts receivable ledger but it is understood that the question of modifying the sales agreement is pending before the board of commissioners of the department.

The previous audit report also stated:

"Land was sold for \$100,000.00 at Quincy and Braintree under an agreement with Mathew P. Scullin dated December 29, 1936. \$5,000.00 was paid on delivery of the agreement, and the balance was to be paid in 19 annual payments of \$5,000.00 each. In lieu of interest Mr. Scullin has been paying \$156.25 per month rent for the land under an agreement dated December 29, 1936 to run for 20 years. This account has been paid through April 1942. The amount of the May 1942 charge of \$156.25 is still unpaid May 3, 1943, and monthly billings have been temporarily suspended since May 1942.

"Land at Quincy and Braintree was taken by the Federal Government on March 30, 1942, for use by the United States Navy. The fee in this land is in the Commonwealth and part of the area taken was under agreement sale to Mr. Scullin. A petition of the United States for judgment on the declaration of taking was filed with the Attorney General for the Commonwealth on June 22, 1942. Because the case is pending in the Federal Courts monthly billings have been temporarily suspended."

It was understood that the billings were temporarily suspended upon advice of the Attorney General and that on November 1, 1943 the case is still pending in the Federal Courts.

Waterways Division — Commonwealth Airport, East Boston: The airport was leased by the Department of Public Works to the City of Boston for a term of 20 years beginning August 10, 1928 and ending August 9, 1948 under authority of Chapter 64, Resolves of 1928. This lease was terminated on December 1, 1941, and the airport reverted to the State Department of Public Works in accordance with Chapter 695 of the Acts of 1941. Section 4 of said Chapter 695 reads in part as follows:

"Section 4. Upon the termination date, the commonwealth shall accept as tenants and licensees, under the terms of existing tenancies and licenses which were in effect on March thirty-first of the current year, all tenants and licensees of the city of portions of the airport property, or their assignees. . . ."

On December 1, 1941, when the Commonwealth took over the airport there were no leases or licenses to airline companies in effect, the two which had been granted for a 10-year period having terminated on March 31, 1939 and the two airline companies namely, the American Airlines, Inc. and the Northeast Airlines apparently being tenants-at-will of the City of Boston.

The City of Boston was unable to give 10-year extensions of subleases to airline companies as provided in the original subleases, because such extension would have carried beyond August 9, 1948, the termination of the lease to the city. Consequently, the City of Boston allowed the two airline companies to continue as tenants-at-will which was the situation when the State Department of Public Works took over the airport on December 1, 1941. The sublease under which the Northeast Airlines operated up to March 31, 1939 contained no provision for paying fees for "Scheduled Landings" but it is understood that under an oral agreement with the City of Boston they had previously been paying this charge and that during 1941 it amounted to:

| | |
|--------------|------------|
| 55 @ \$50.00 | \$2,750.00 |
| 20 @ 25.00 | 500.00 |
| | <hr/> |
| | \$3,250.00 |

When the Commonwealth took over the airport the Northeast Airlines, Inc., stopped paying for "Scheduled Landings" apparently basing their contention of the

absence of any such requirement in the written sublease granted by the City of Boston. Incidentally, it may be said that in the sublease given by the City of Boston to the other airline company provision was made for "Scheduled Landings" fees as follows:

| | | |
|-----------------------------------|----------|--------------|
| 1st to 5th schedules, both inc. | \$100.00 | per month |
| | | per schedule |
| 6th to 15th schedules, both inc. | 50.00 | per month |
| | | per schedule |
| 16th and all additional schedules | 25.00 | per month |
| | | per schedule |

This airline company continued to pay these charges regularly to the State Department of Public Works.

The matter of the Northeast Airlines, Inc., not paying for "Scheduled Landings" was discussed with the Commissioner who stated that he has now demanded payment.

As a matter of information it may be stated that as yet the State Department of Public Works has not given leases to the airline companies, apparently it being its intention to await future development of the Airport, in order to be in a better position to determine the value of such leases.

REGISTRY OF MOTOR VEHICLES

Refunds of Fees on Account of Applications for Licenses to Operate Motor Vehicles: It is again recommended that the Comptroller's Bureau review the routine of handling examination fees and provide some method that would eliminate the practice of refunds being made by the examiners.

Reconciliation of Income at the Branch Offices: It is suggested that all overages and shortages in branch office income should be turned over to the cashier's office in Boston as they occur. During the period covered by this audit \$638.76 branch office shortages and \$1.50 branch office overages were charged to the cash advance.

Duplicate Issues of Renewal Licenses: As the result of the check-up on a renewal license of a person arrested for a violation of an automobile law, it was discovered that duplicate numbers had been issued on renewal licenses, and that the fees received for such duplications had neither been recorded nor deposited. In some instances the same number was issued three times and in one instance four times. The great majority of duplications were issued from the branch office at Haverhill, although some were traced to the mail section in Boston.

On July 29, 1943 the Registry of Motor Vehicles was reimbursed \$550.00 covering the amount of fees on duplicated renewal license numbers issued for which no fees were recorded or deposited.

The reimbursement was made by two persons, one of \$300.00 not accepted as a payment in full, the other for \$250.00 accepted as payment in full. The copies of receipts on file indicated that the payments were not an admission of guilt or responsibility. Since the time of the reimbursement of \$550.00 additional duplicate issues have been found, but up to the date of this audit no further reimbursement has been recorded.

Mailing Section Cash Sheets: It is understood the mailing section cash sheets are checked in that section while all other cash sheets are checked in the checking section. It is suggested that all cash sheets should be checked in the checking section.

LAKEVILLE STATE SANATORIUM

Stolen Calves: In connection with the analysis of the livestock census reports it was noted that two calves had been stolen. These calves were stolen during the night of September 26, 1942 and had a value of approximately \$120.00. It is understood that the State Police was notified immediately but up to this date there has been no solution of the case.

General Bookkeeping: When the current examination was started on May 10, 1944, it quickly became obvious that it would be impossible to carry the examination to a successful conclusion because of the fact that the bookkeeping records were not sufficiently current. This condition was caused by the induction of the treasurer into the armed services. It is understood that representatives of the Comptroller's Bureau have been assisting the personnel of the institution for the

past several months in the interest of bringing the work up to date, but on May 10, 1944, this had not yet been accomplished. It was understood from the representatives of the Comptroller's Bureau, that it was their intention to have these records current in the near future.

Among the items noted which held up the progress of the audit were the following:

- a. It was understood that charges and credits in the board ledger were up to date. However, the board ledger had not been reconciled with the Control Account in the General Ledger.
- b. The pay roll bank account was not up to date on the date of the current audit. During the course of this audit it was reconciled to May 31, 1944, by the representatives of the Comptroller's Bureau, but still reflected a small overage. It is understood this overage will be set up in a suspense account.
- c. The general ledger and expense ledger were written up to April 30, 1944 during the course of the current audit. A financial report for the month of April 1944, was prepared by the representatives of the Comptroller's Bureau.
- d. The 1943 farm records were not current.
- e. The materials and supplies stock ledger was written up to February 1944 on the date of the current audit. There had been no adjustments made for several months.
- f. An inventory of the dairy livestock was taken on May 11, 1944, but could not be verified because the 1943 and 1944 livestock census reports had not been made out.

NORTH READING STATE SANATORIUM

Accounts Receivable — Attorney General: It is recommended that certain accounts which have been outstanding since 1938 should be turned over to the Department of the Attorney General so that proper disposition may be made of them. It was also noted that there were three accounts owed by the City of Boston which had been in the hands of the Attorney General for collection and which have been outstanding from them for ten years. It is suggested that these accounts again be called to the attention of the Attorney General so that the accounts may be cleared if this action would seem desirable in the opinion of that agency.

RUTLAND STATE SANATORIUM

Farm Records: In an effort which was made to verify the 1942 farm report certain records including daily production accounts could not be located; the farm production of home-produced meats as appearing on the farm ledger seemed to have been taken from either the stock ledgers or the treasurer's journal entries; animal census reports did not reconcile with the animals slaughtered as shown by the paid invoices of the butcher; and the total of farm products sent to the storeroom on Sheet M of the farm report did not reconcile with the financial records. It was obvious from the farm records which were available and from conversations with institution personnel concerned that the present farm system and its coordination with the financial records is not completely understood by the personnel involved. It is therefore recommended that the Comptroller's Bureau be requested to send a representative to this institution so that they may be given proper instructions as to proper handling of the farm system and its related accounts.

Sales of Hides: In reconciling the recorded income on account of sales of hides with paid invoices for slaughtering animals and the herdsmen's records of the animals slaughtered, it was noted that there was a discrepancy in the number of hides that should have been recorded as sold and the amount reported as income on the financial records. This discrepancy was called to the attention of the institution superintendent with the result that the sum of \$90.44 was collected from the vendee. The sale was ostensibly made on or about November 18, 1942 and the aforementioned check was not received by the institution treasurer until January 7, 1944. It is suggested that sales slips be made out at the time of each sale and it is also suggested that hides be sold as soon as possible so that the danger of spoilage will be minimized.

Home Produced Beef, Pork and Veal: The home produced beef, pork and veal which is placed in a Worcester cold storage plant is not recorded as inventory on either the stock ledger or farm records. This practice, of course, naturally involves an understatement of the food inventories as shown on the monthly financial reports.

Withdrawals of Farm Produced Beef, Pork and Veal from the Cold Storage Plant: Because of the fact that stock records are not available of home produced beef, pork and veal, which were placed in the Worcester cold storage plant, it was impossible to reconcile the institution records of withdrawals from the warehouse with the quantities placed in cold storage by using the individual lot numbers. Several instances were noted where the variances were from 10 pounds to 708 pounds per lot.

WESTFIELD STATE SANATORIUM

Canteen: Although the canteen at this institution is very small, the system in operation should be reviewed by the Comptroller's Bureau and necessary forms and records be installed for its control.

Funds Transferred to State Treasurer: It is noted that this institution transferred income to the State Treasurer only at the end of each month. In this connection attention is called to the requirements of Section 27 of Chapter 30 of the Tercenary Edition of the General Laws, which states:

"Except as otherwise expressly provided, all fees or other money received on account of the commonwealth shall be paid daily into the treasury thereof, but if in the opinion of the commission on administration and finance and the state treasurer the interests of the commonwealth require, payments may be made weekly in accordance with such rules and regulations as the state treasurer may prescribe."

Accounts Receivable: It is recommended that the system of receipts for outpatient medical treatments be reviewed by the Comptroller and a system of accounting for the treatments should be installed so that the income from this source can be properly controlled.

PONDVILLE HOSPITAL

Outstanding Accounts Receivable: On the date of the current audit there was outstanding an amount of \$37,720.49 of which the records indicated \$27,639.63 was in the hands of the Attorney General for collection. Upon checking, however, a detail of the latter amount could not be located in the files of the Attorney General's Department. It is suggested that a current list be prepared of all amounts so recorded and that they be sent to the Department of the Attorney General so that their files may be up to date. There were also a large number of old accounts, including outpatient cases and miscellaneous sales which have been outstanding for an extended period. These accounts should also be brought to the attention of the Attorney General for disposition.

DEPARTMENT OF PUBLIC WELFARE

Bond Coverage: It is suggested that the question of securing adequate bond coverage for officials and employees of this department handling State and other funds be considered.

Accounts Due from Municipalities Account of State Infirmary Cases and Child Guardianship Cases: It is suggested that all accounts of one year or older be referred to the Attorney General for collection.

Division of Aid and Relief, Charges for Board of Private Patients at the Tewksbury State Hospital and Reimbursement for Transportation: It was noted that charges for such items are not set up in the accounts receivable at the time of billing, entry not being made until bill is paid. It is suggested that charges be set up in the accounts receivable when the bills are rendered.

Referring to board of private patients, it is understood that the social service section of the department makes this determination and apparently the only records of such cases in that section are in the particular case history folders. It is suggested that the social service section keep a segregated record of private cases authorized which will provide a basis for auditing this type of income.

Support of Sick Indigent Persons who have no Legal Settlement: This appropriation provides for reimbursement to the cities and towns under provisions of G.L., Ch. 122, Sec. 18 as amended by St. 1941, Sec. 412 and by St. 1943, Ch. 476, and G.L. Ch. 121, Sec. 42 as amended by St. 1941, Ch. 406. Bills are rendered to the Department of Public Welfare by the cities and towns annually on or before September 1 (within the discretion of the department to accept within 60 days after the close of the current fiscal year of the particular municipality) covering the 12 months ending on June 30, preceding.

The 1943 legislature made no appropriation for this purpose for the 1944 fiscal year and appropriated \$300,000.00 for the 1945 fiscal year, so the only amount available for 1944 was \$78,136.78 which was brought forward from 1943. On March 15, 1944 the unexpended balance was \$1.01 while records in the department show bills submitted totaling \$387,451.53 of which bills totaling \$77,135.77 had been paid and bills totaling \$66,714.99 audited and approved but not paid because no funds were available. It appears that the total of \$66,714.99 of bills approved but not paid will be increased to well in excess of \$150,000.00 when the Department of Public Welfare has completed its auditing of the bills concerned. At present it is not the practice to record such liabilities in the general ledger of the department — it is suggested that the State Comptroller be requested to provide for the recording in the general ledger of audited and approved liabilities so that the true financial status of the accounts may be readily apparent.

Division of Child Guardianship — Department Income Received from Probation Officers: In the case of children committed to the care of the division by court order, the court may order the parent to pay for the support of the child, whatever amount the court determines. These payments are made by the person concerned to the Probation Officer of the Court, who in turn, transmits them to the Division of Child Guardianship. A separate card is kept for each case. On April 1, 1944 the card file showed 393 probation cases, of which 121 cases showed that no payments had been received during the period of January 1, 1944 to April 1, 1944. It is suggested that some regular follow up method be provided.

DIVISION OF JUVENILE TRAINING

Materials and Supplies: This account represents the supply of clothing and other small wares carried in the storeroom located at the Lyman School for Boys at Westborough. A visitor of the Department takes care of these supplies for the Boys' Parole Branch. He is not the regular storekeeper and he takes time from his regular duties to manage the inventory as well as filling orders for boys on parole. Physical inventories prior to the 1941 fiscal year had been taken by the Department about four times every year. It was noted, however, that physical inventories were taken twice during the 1942 year and only once during the 1943 fiscal period. In connection with this current examination a complete physical inventory was taken of the materials and supplies on hand for the audit period covering twenty-one months from January 7, 1942 to September 13, 1943. Variances totaled \$707.73, which was 11.57% of the total issues aggregating \$6,057.66.

Previous audit reports mentioned instances of loans of sundry supplies to the Lyman School for Boys. A recommendation was made at these times that this practice be stopped in so far as possible in view of the fact that the Boys' Parole Branch and the Lyman School for Boys operate under separate appropriations. This practice was not stopped. It was further suggested in the case of borrowings and possible returns when the visitor is not present that the situation might be somewhat better controlled if the Division had followed previous recommendations in this respect, that is, if the Division had insisted on a memorandum being made out and signed by the Superintendent of the Lyman School for Boys and left in a folder where the visitor could find it and in this way proper records might be made on the books of the Division. This entire borrowing arrangement is definitely open to question. All goods for this storeroom are received in the regular maintenance storeroom of the Lyman School for Boys and are recorded in the regular receiving book for that institution. The visitor who has charge of the storeroom must go to the institution storeroom whenever he visits the school to see whether anything has been received which comes within his control. It is suggested that a separate receiving book be installed for the sole use of the Boys' Parole Branch, thus keeping both accounts separate and distinct.

Trustees Accounts — Wage Control Accounts: It was again noted that unpaid wage accounts billed prior to October 1, 1937 are not included in the control account. It is advised that the Division of Juvenile Training compile a list of all unpaid wage accounts not now included in the control account and request the Comptroller's Bureau to provide the necessary entries to bring these accounts on to the financial records.

Bankbooks Held as Property: It is advised that the Attorney General be requested to decide what disposition may be made if the wards cannot be located, of the savings bankbooks owned by and in the names of wards, now being held as property.

Bonding of Employees: It was noted that none of the employees of this department are bonded.

Wages of Male and Female Wards: It is the practice insofar as possible to place wards in homes where they will be paid for their work and it is the practice to require the employer to file a monthly report of earnings, expenditures, etc., with the division. A limited review was made of the records kept at the division in connection with wages kept of the various wards. It appeared that because of negligence in following up changes in rates of spending money that there is still no possible verification in a number of cases of the amount of spending money agreed upon for a girl other than the amount specified as having been expended on the wage report which is supposedly signed by the ward and the responsible visitor. The wage card in the office groups all expenditures made on behalf of the ward without confirmation as to the amount of spending money that should have been received. It is suggested that when there is a change in the amount of spending money to be given either boy or girl that a new wage agreement be made out and that all wage cards be noted with the amount so allowed.

INDUSTRIAL SCHOOL FOR GIRLS

Accounts Receivable: The unpaid accounts receivable are not shown in the accounts receivable control account at the end of any month. It is the practice to charge and credit the accounts receivable account with cash collections only, yet, sales are made on a credit basis. It is suggested that charges be passed through the control account upon the completion of the sale.

Special Pay Roll Bank Account: It was noted that the special pay roll bank account has not been reconciled for several months and was not reconciled on the date of the current audit.

MASSACHUSETTS HOSPITAL SCHOOL

Trust Funds: In checking the market value of the securities held by the Boston Safe Deposit and Trust Company, it was noted that a number of railroad bonds and some of the stocks have a market value considerably lower than the book value. There has been, however, much improvement in the market value of the bonds within the past two months.

TEWKSBURY STATE HOSPITAL AND INFIRMARY

Private Board or Treatment Cases: The previous report commented on these cases for the treatment of emergency and outside accident cases. It is recommended that an endeavor be made to ascertain the true name and address of these patients as at the present time bills and notices are sent out and returned unclaimed and are subsequently charged off by the Attorney General's office because of inability to collect. This entails considerable clerical work for which the State receives no remuneration. It is also noted that one case was treated and no address given on the sales slip, consequently, this charge could not be billed. In two other such treatment cases, the charges were paid, but no card entered in the files of the institution.

This condition is partly due to the close proximity of this institution to a summer resort. Very frequently patients give names and addresses which are apparently fictitious and notices sent to them are returned unclaimed.

As was stated in the report of the previous audit, charges for the treatment of outside accident and emergency patients are now based on the type of service rendered, materials used, and after taking into consideration the ability of the person treated to pay for the treatment. While this system eliminates a basis on which to check

charges from the auditing point of view, it was, in the opinion of the superintendent at the time this arrangement was put into effect, the fairer way and should have resulted in fewer open accounts of small amounts.

Patients' Funds: At a meeting of the Board of Trustees held on March 1, 1944, the following action was taken relative to the handling of interest on patients' accounts:

1. That the Superintendent, as soon as convenient, open a checking account entitled "Patients' Funds" in a commercial bank chosen by him and approved by the Trustees, and deposit therein all funds hereafter delivered into his care and custody belonging to patients, in accordance with the provisions of General Laws, Chapter 122, Section 2 (b) as amended.
2. That on or immediately after the next interest payment date, the money, both principal and interest, now deposited in the Savings Banks be withdrawn and deposited in said checking account.
3. That the books of account of the Institution shall record, in each instance, the amount of money left with the Superintendent, the person to whom it belongs and the dates of its deposit and withdrawal.
4. That at the end of each fiscal year, the portion of said funds which has remained unclaimed for more than seven years shall be paid by the Superintendent to the State Treasurer in accordance with the provisions of General Laws, Chapter 122, Section 2 (c) as amended.
5. That the balance of interest on the Savings Deposit, after payment of such just claims as have been made against it, shall be paid by the Superintendent to the State Treasurer in accordance with the provisions of General Laws, Chapter 122, Section 2 (c) as amended, seven years after it is deposited in said "Patients' Fund".

Locker Key Fund — Nurses' Home: For purposes of facility in checking these accounts, it is suggested that a registry book be installed showing names, locker numbers, etc., of the occupants of these lockers.

General: It was again noted that a senior physician is still performing part-time services for the Infirmary during hours of convenience to him at a salary of \$250.00 per month. This physician maintains residence in one of the houses of the hospital group for which he makes monthly payments of \$80.00, the amount allowed him by the Navy Department. Concurrently this physician is serving as a full-time medical officer in the U. S. Naval Reserve and is assigned to duty at the First Naval District.

DEPARTMENT OF MENTAL HEALTH

Unpaid Institution Board Accounts Referred to Attorney General: Attention is called to case No. 19184 who was a patient at the Westborough State Hospital and who died May 1, 1940. A bill for \$600.00 had been rendered to the Administrator of that estate for board at that institution. A bankbook on the Londonderry Savings Bank of Londonderry, Ireland, is now in the possession of the Department of the Attorney General in the name of the deceased, showing a balance of 174 pounds, 18 shillings and 6 pence. Apparently no action has been yet taken toward the collection of the amount due for board as is permitted by Section 4 of Chapter 291 of the Acts of 1936.

Case Histories: In connection with checking the admissions appearing on the weekly returns from the several institutions to the case histories on file in the Division of Probate and Support within the Department, it was noted in certain instances, that typed case histories were not available in the files. Difficulty has always been experienced in locating these case histories and it would appear necessary that some method of indexing be adopted by the department which will facilitate the finding and examining of these missing histories.

Charges Discontinued on Six Months Delinquency: There appears to be a custom apparently instituted by departmental authority to discontinue billing when an account is six months in arrears. If the delinquent payments are made the billing is resumed. It is recommended that all billing continue until the account appears on an official discontinuation list.

Wages of Girls on Parole: It is recommended that the Comptroller's Bureau be requested to install control accounts for salaries and wages of girls on parole.

Monthly Financial Reports: It was noted that no monthly financial reports were filed with the Comptroller's Bureau for any of the months within the fiscal period ending June 30, 1943.

BELCHERTOWN STATE SCHOOL

Paroled Patients' Funds: It is recommended that:

The Comptroller's Bureau establish on the financial records of this institution Trustee accounts, controlling and subsidiary accounts, covering wages earned by parole patients; expenditures made by or for the patients for personal needs and deposits of wages in savings bank accounts.

Bankbooks which represent funds of patients either on parole or in the institution be included in the amounts of "Patients' Funds" or in the "Trustee Accounts".

The Attorney General be requested to rule upon the responsibility of the Department and institution officials in cases where wages are not paid by employers.

BOSTON PSYCHOPATHIC HOSPITAL

General: The audit of this institution started on January 3, 1944. It was noted at that time that the financial records were in several instances considerably delinquent in the recording of transactions. The last trial balance of the general ledger was taken in July 1943 and therefore no financial reports had been made up beyond that date. The last previous trial balance of the accounts receivable was July 1943. Postings of invoices and requisitions to the stock ledgers had not been made since October 1943. The receiving record kept in the storeroom had not been posted for several weeks. In connection with the stock records it was noted that periodic inventories had not been taken nor checked with the stock ledgers. As far as could be determined from the records available the last previous inventory was taken on July 1, 1942. Adjustments were made at that time.

In view of the condition of the records it was deemed advisable to postpone the audit until such time as the records were brought up to date. The audit was resumed on March 8, 1944.

Superintendent: It is again noted that there is no superintendent at this institution, although Section 28 of Chapter 123 of the Tercentenary Edition of the General Laws provides for one.

Powers and duties of the superintendent are apparently divided between two officials, namely, the Chief Executive Officer and the Medical Director. At the present time Dr. Harry C. Solomon is functioning in both capacities. He is only being paid, however, in his capacity of Medical Director.

Accounts Receivable — Board of Patients: It was noted that fourteen accounts totaling \$995.14 representing board charges of patients admitted and discharged before the date of audit had not been billed to March 21, 1944. It was further noted that some of these items included patients who had been discharged in August and September 1943. This situation is undoubtedly one of the reasons for the increasing number of accounts receivable on which no payment is ever received. Prompt billing is important if the account is to be collected. The so-called active accounts receivable amounted to \$34,508.97 on the date of audit and represented approximately 1,422 individual accounts, many of which had been outstanding since the 1933 and 1934 fiscal years. It is advised that the Department of the Attorney General be requested to assist this institution in the collection of its delinquent accounts.

For the past several years it has been repeatedly recommended that the whole matter of handling private cases be reviewed. As yet, however, no changes in the methods, systems or routine of collections have been made.

Board Account of State Minor Wards: The practice of not billing the Division of Juvenile Training and the Division of Child Guardianship in the Department of Public Welfare for the board of wards of those divisions cared for in this hospital was noted. In this connection it was further noted that a former chief executive officer of this institution directed a letter to the Commissioner of Mental Health under date of March 28, 1940 in which advice was asked in this matter. To date no answer to this letter has been received.

Suspense Accounts Receivable: A suspense accounts receivable account is carried

in the general ledger. The following statement shows an analysis of the balance in this account on February 17, 1943:

| | |
|-----------------------------|-------------|
| a/c 1941 Board of Patients | \$ 36.81 |
| 1940 Board of Patients | 5,736.61 |
| 1939 Board of Patients | 4,473.92 |
| 1938 Board of Patients | 6,238.03 |
| 1937 Board of Patients | 4,512.23 |
| 1936 Board of Patients | 2,603.67 |
| 1935 Board of Patients | 2,626.87 |
| 1934 Board of Patients | 2,438.35 |
| 1933 Board of Patients | 55.58 |
| 1932 Board of Patients | 14.00 |
| 1930 Laboratory Charges | 4.00 |
| 1929 Laboratory Charges | 2.00 |
| 1928 Board of Private Nurse | 28.00 |
| | <hr/> |
| | \$28,770.12 |

This amount of \$28,770.12 in the suspense account is with the Division of Probate and Support in the Department of Mental Health for collection. During the period under audit the sum of \$181.65 was collected on some of the 1940 accounts. As some of these accounts apparently have been outlawed by the Statute of Limitations, it is again recommended that permission be obtained to charge off all accounts which cannot be collected because of the operation of this statute.

Maintenance Storeroom: According to the record of keys kept in the treasurer's office it was noted that on the date of audit there were ten keys to the storeroom in circulation in the possession of various employees, namely, six physicians, the principal clerk, the storekeeper, and the storeroom helper.

It was noted that subsequently the system of locks was changed so that now there are only three keys in circulation to the storeroom. These are in the possession of the storekeeper, the storeroom helper and one is kept in the treasurer's office in case of an emergency.

Patients' Accounts: It is recommended that individual patients' ledger accounts be kept for each patient with his number. At the present time a card may contain as many as ten names with records of the patients' finances.

Patients' Bankbooks: The patients' bankbooks are not listed on the patients' ledger cards at the time of admission to the institution. There is no record in the treasurer's office of bankbooks on hand at a particular date. It would seem that these records are important and should be available.

BOSTON STATE HOSPITAL

City Mills Project: In the past several audit reports comment was made of this project which was discontinued early in March 1937. On February 28, 1937, only a few days before the entire project was discontinued there was a balance in this fund of \$1,871.16 which was in the hands of the treasurer of that fund who was then a member of this institution's board of trustees. On March 25, 1937 this institution was in receipt of all raw materials and finished goods formerly owned by this fund. These materials were inventoried and later were given to this institution's occupational therapy department. The disposition of the cash balance of this fund has been the subject of repeated discussion in previous audit reports. It is noted at this time, however, that in a letter received under date of March 26, 1943, from Mrs. Sidney Dreyfus, the treasurer of the fund, that the money concerned was turned over to Mrs. L. Vernon Briggs under authority apparently of Dr. L. Vernon Briggs and the reasons given in this letter were,

"Mrs. Briggs was founder of the project and for years has paid the costs of the Centre, salaries, rent, etc., out of her own funds, awaiting the time when the State would see the benefits of the Centre and would take over the undertaking. The State eventually did, and the Centre then became located in City Mills, moving from Hopkinton where Mrs. Briggs originated her project."

Sanctioned by Dr. L. Vernon Briggs the money of the occupational therapy center was returned to Mrs. L. Vernon Briggs as reimbursement.

This disposition of these funds was questioned by the institution officials and in April 1943 an opinion of the Attorney General was requested relative to the matter. To date no reply to this request has been received.

Special Pay Roll Bank Account: The special pay roll bank account has not been reconciled since September 1942. The necessity for currently reconciling all bank accounts is obvious and is very important in connection with the maintenance of accurate accounts.

Patients' Accounts — Uncashed Checks: It was noted in examining the patients' property that there were eighteen checks totaling \$286.53 which had been placed in the property file. It is recommended that an effort be made to have these checks properly endorsed and presented for payment. In this way the proceeds could be credited to the patients' individual accounts and the amounts would be available for expenditure by them.

Canteen Accounts: It was noted that the general ledger kept in connection with these accounts has not been closed for the past three fiscal periods.

MONSON STATE HOSPITAL

Nurses' Training School Fund: Attention has been called to this fund in previous audit reports and it was recommended that this fund revert to the State Treasurer. During the period under examination the only activity in this account was the receipt of interest on the savings bank balance. This fund has not yet been reverted and attention is again called to this recommendation.

NORTHAMPTON STATE HOSPITAL

Farm: In this connection the previous audit report stated:

"The annual farm report for the 1941 fiscal year was examined and checked to the supporting data in the farm ledger and to the various farm accounts on the institution financial records. None of the accounts on the financial records, entries in which are made from data furnished by the Farm Department, were in agreement with the annual farm report. Inventory items shown on the farm ledger were not shown in the annual farm report. Sales shown in the farm ledger were not shown in the farm report.

The annual farm report was discussed with the Head Farmer and the variances between the farm ledger and the annual farm report and between the financial records and the farm report were shown.

As a result of the discussions with the Head Farmer, it was understood that there have been changes made in the employees who handled the farm records during the 1941 fiscal year, but most of the variances noted can only be attributed to either carelessness or the lack of proper knowledge of the value of the farm records. It is, therefore, recommended that the Head Farmer maintain a closer supervision of the farm records including a monthly reconciliation of the farm records with the accounts on the financial records of the institution and the preparation of the annual farm report.

In connection with the current examination an attempt was made to verify the 1942 farm report and records. The same conditions noted in the previous comment were again encountered. It is therefore recommended that the Comptroller's Bureau be requested to send a representative to this institution so that the authorities and personnel concerned may be properly instructed in the preparation and maintenance of correct farm records.

TAUNTON STATE HOSPITAL

Maintenance Stores: An attempt was made to take the physical inventory of the maintenance materials and supplies at this institution. Because of the lack of competent storeroom personnel this inventory, as taken, was accomplished with patients as assistants. As a result the inventory was impossible of reconciliation with the stock ledgers and its value as an auditing expediency was lost completely. It was learned that the person who last held the pay roll designation of storekeeper

entered the Armed Services in June 1943. Only recently an individual has been designated on the pay roll as an assistant storekeeper, but it is understood that he is unwilling to accept the responsibility of functioning as the storekeeper. As a result, services of patients have been necessarily employed and the value of this type of an employee, from the point of view of placing responsibility, is, of course, obvious. It is further understood that the institution authorities have made serious efforts to obtain competent employees but because of the prevalent employment difficulties they have been unsuccessful.

Needless to say, the problem is a serious one and it is suggested that the Department of Mental Health be consulted relative to the necessary assistants. As a matter of record it is also mentioned that the last complete inventory by institution personnel was taken on June 8, 1943. Since that time, however, only a few partial test inventories have been taken.

WESTBOROUGH STATE HOSPITAL

General: The examination of the accounts of this institution was begun on March 7, 1944 and at that time the postings to the canteen and material and supplies accounts were not up to date. Consequently, these accounts were not examined at that time. The second visit was made to the institution on June 16, 1944 for the purpose of completing the audit of canteen and material and supplies accounts. These accounts were still not available for audit and the audit was not completed.

Canning and Rental of Space for Root Vegetables: It was noted that cold storage space was rented to store carrots. In connection with both the canning and renting of space for root vegetables at this institution it is mentioned that a few years ago this institution erected and equipped with humidifiers a vegetable storage building which cost in excess of \$20,000.00.

Overdrafts in Accounts of Patients' Funds: It was noted in connection with listing of the patients' individual balances that there were thirty accounts which showed overdrafts, some of which dated back to the 1919 year. In view of the fact that these overdrafts are on account of deceased and discharged patients it would seem that some arrangement should be made to dispose of them.

WORCESTER STATE HOSPITAL

Farm — Spoilage of Canned and Fresh Vegetables: The institution records indicated that 46,106 lbs. of fresh vegetables and 3,588 No. 10 jars of canned vegetables were spoiled at this institution. This total spoilage is somewhat higher than normal expectancy and may perhaps be corrected in the future by improved storage conditions. It is understood that this high spoilage experience is probably due to a mechanical fault in the processing equipment as well as unsatisfactory storage facilities.

Abortion in Cow Herd: It was noted that calves born during the ten months of the 1943 year were only fifty per cent of those born during the corresponding ten months of the 1942 year, because the herd records show twenty-nine cases of abortion during that period. This condition, according to inquiry through appropriate sources, appears peculiar to the Worcester State Hospital herd in that area. According to institution officials, corrective measures have been initiated.

Family Maintenance: During the course of this audit it was noted that a physician on the pay roll at this institution receives maintenance for himself and his wife in a seven room house allocated to this family. It was also learned that other members of the physician's family have resided in that house for several years. Since the prescribed family maintenance allowance is based on two members of the physician's immediate family, the question was raised as to whether additional occupants are subject to charges for the house rent and other services which are provided by the Commonwealth. It appears that no established regulation exists which might provide a guide to the proper understanding of this situation from an accounting standpoint.

Income Due the Commonwealth Has Not Been Recorded: Several previous audit reports contained comment concerning medical services rendered to persons outside the authorized beneficiaries of the hospital. It is again noted that income due the

Commonwealth from such sources has not yet been recorded on the books of the institution to the date of the current audit.

Purchase of Cut Garments: Purchase Order 141019 calls for the purchase of 13,059 cut garments at a cost of \$3,264.75 from the Department of Public Welfare, Worcester, Mass. It was noted that these goods were delivered to the institution but the invoice has not been passed for payment. An examination of the cut garments suggests that they were originally turned over to the Department of Public Welfare of Worcester, Mass., free of charge by the Federal Government at the time of liquidation of the Works Projects Administration. Since it is believed that a condition of the donation to the City of Worcester prohibits resale, it is suggested that the legality of the transaction be investigated before settlement of the invoice is made.

Garage Rent: This institution has available twenty-eight garage spaces other than those used for State-owned cars. From an examination of the records it appears that only four of the twenty-eight garages are rented on an income basis. It would appear that the rental of garages should fall within the jurisdiction of the Commission on Administration and Finance to be suitably covered by standard rules and regulations relative to occupancy with appropriate rental charges established.

DEPARTMENT OF AGRICULTURE

Financial Set Up of the Department: Chapter 691 of the Acts of 1941 places the Division of Milk Control in the Department of Agriculture. Chapter 340 of the Acts of 1934 also placed the Division of Livestock Disease Control in the Department of Agriculture.

In connection with the above referred to chapter of the General Laws, it is recommended that the Commission on Administration and Finance make a study of the financial set up of the Department of Agriculture and its divisions for the purpose of enacting legislation if necessary in order to consolidate the financial control under one head. The suggested study, no doubt, would reveal that a considerable savings could be obtained in the financial operation of the Department of Agriculture.

Poultry Dealers' Licenses: It is suggested that two series of licenses be printed with the amount of the fee, whether it be \$2.00 or \$0.50 imprinted on the license form by the printer. At present the license is serially numbered and the same series is used for both original and renewal licenses.

DIVISION OF MILK CONTROL

Insufficient Collateral to Cover Notes: There appear to be certain cases where there was insufficient collateral to cover notes. It is suggested that deficiencies in collateral deposited in this section be made up so that they will equal the amount of the note given by the Milk Plant operator for the faithful payment to his producers.

Compensation of Board Members: Previous audit reports have made detailed reference to the matter of payments to certain board members totaling 190 compensation days for which no attendance at board meetings was recorded. It appears that no reimbursement of any part of these payments occurred during the period of this audit. Attention is again directed to this matter for whatever action is deemed necessary in making final disposition.

DEPARTMENT OF CONSERVATION

Accounts Receivable — Individual Accounts: It is again recommended that an accounts receivable ledger be added to the books and records of the department.

Stores Accounts: It is recommended that a control account be set up in the general ledger for supplies kept in the storehouse at Stowe, Massachusetts.

Hunting, Fishing and Trapping Licenses: Attention is called to the fact that the Town Clerk of Cheshire, Mass., absconded during the 1942 year with funds which had been received from the sale of sporting licenses. The reported loss of fees amounting to \$118.00 has been recovered on the town bond. Attention is also called to licenses which have been lost by city and town clerks and were therefore not reported to the department.

Propagation, Fur Buyers' and Taxidermists' Licenses: An accumulation of fees was found in the office on the first day of the audit. It is suggested that fees be

entered immediately and cash remitted to the State Treasurer. It is further suggested that proper records be set up for the purpose of checking annual renewals.

DEPARTMENT OF PUBLIC SAFETY

Ticket Agencies: It was recommended in a previous audit report that the matter of an outstanding balance due from a ticket agency be referred to the Attorney General for disposition. This has been done, but as yet no advice from the Attorney General with reference to the disposition has been forthcoming.

Boiler Inspections: There are many missing licenses in the Boiler Inspection Division. There is no record of these licenses ever having been issued and they were probably spoiled or otherwise disposed of. It is suggested that all employees handling licenses should be instructed to return all spoilages so that a consecutive file of numbers would be always available for audit.

DEPARTMENT OF LABOR AND INDUSTRIES

General Department — Bookkeeping Records: It was noted that refunds paid by the State Treasurer on the basis of regular refund schedules were being passed through the department's cash book. These entries should not be made in the cash book and it is advised that the practice be discontinued. It was also noted in certain instances that checks had been returned by banks for various reasons and that no correcting entries had been made on the cash book.

The cash book should only be used for cash transactions actually handled by the department and its various divisions. It was noted that monthly financial reports as submitted to the Comptroller's Bureau do not include completed schedules pertaining to income or cash. These schedules are very important and steps should be taken to include them with the monthly financial reports.

Division Cash Book: The prescribed cash book maintained in the Division of Standards is used for recording the income receipts of the Commonwealth and receipts from the sales of county, city and town licenses. It was noted that this division maintains a second cash book in which receipts of bonds deposited in cash and the return of these bond deposits are recorded. The receipt of advance money by this division is not recorded on any cash book.

It is again recommended that the Comptroller's Bureau install the following forms to replace the cash books in use in these divisions:

1. Daily Cash Receipts Summaries, with necessary analysis columns, to be installed in all the various divisions. The daily totals to agree with the funds transferred to the State Treasurer and or deposited in the Everett National Bank or in the Second National Bank of Boston.
2. A Daily Cash Disbursements Summary, with necessary analysis columns be installed in the Division of Standards. The daily total to agree with the amounts withdrawn from the Everett National Bank and or the Second National Bank.
3. A Daily Cash Receipts and Disbursements Summary with necessary analysis columns be installed in the general bookkeeping office of the department from which entries will be made on the General Ledger of the department.
4. Proper General Ledger accounts be opened on the records of the department in which all information will be recorded.

Division on the Necessaries of Life — Entry of Cash Receipt: In accordance with Section 295B of Chapter 194 of the Tercentenary Edition of the General Laws a fee of \$5.00 is collected annually for the licensing of businesses selling motor fuel at retail. These licenses are renewable as of January 1 and run for a calendar year. Generally renewal fees begin to reach the office early in December for the following license year. In this connection it was noted that the date of entry of the fees on the cash book is meaningless. The following indicates cash book date of receipt and cash book dates of remittance of proceeds to State Treasurer:

| <i>Date of Receipt Per Cash Book</i> | <i>No. of Entries</i> | <i>Amount Remitted</i> | <i>Date of Remittance</i> |
|--|---------------------------|----------------------------|---------------------------|
| December 7, 1943 to January 1, 1944 | 600 | \$3,000.00 | December 8, 1943 |
| December 7, 1943 as of | | | |
| January 1, 1944 | 1,300 | 6,500.00 | December 10, 1943 |
| January 1, 1944 | 1,213 | 6,065.00 | December 22, 1943 |
| January 1, 1944 | 903 | 4,515.00 | January 7, 1944 |
| January 1, 1944 | 1,118 | 5,590.00 | January 11, 1944 |
| January 1, 1944 | 229 | 1,145.00 | January 18, 1944 |
| January 1, 1944 to January 24, 1944 | 198 | 990.00 | January 27, 1944 |

On the date of the current examination, April 3, 1944 there was in the office currency and checks totaling \$1,085.00 which had been received, according to the records, during a period beginning with August 9, 1943. This money was deposited with the State Treasurer on April 3, 1944. These entries appear on the cash book, however, as having been received on two dates, January 1, 1944 and March 22, 1944.

It is further understood that large amounts of money including currency have been allowed to remain in an open vault in the office of the division, for long periods of time, where it is obviously accessible to persons other than those in whom its responsibility is vested. Frequently this money is allowed to remain in this category until such time as a license is acted upon and issued — and often several months elapse in this process.

From the foregoing it is, of course, obvious that the methods employed are extremely unbusinesslike and very dangerous. From the point of view of proper accounting procedure monies should be entered on the cash book immediately on receipt so that a proper accounting may be available at all times.

Under the prevailing practices in this division there is absolutely no control of receipts until such time as the person in charge finds it expedient to make cash book entries — and, on this basis it is very possible to lose the identity of individual cash items particularly when they are all represented by like amounts.

Attention is specifically directed to the foregoing as the condition is a serious one, and steps should be immediately taken to institute changes in procedure to provide proper safeguards for these funds.

In further connection with the foregoing attention is called to the following statutes which provide for the remittance of cash collections to the State Treasurer.

Section 1 of Article LXIII of the Constitution of Massachusetts reads as follows:

“Collection of Revenue. — All money received on account of the commonwealth from any source whatsoever shall be paid into the treasury thereof.”

Section 27 of Chapter 30 of the Tercentenary Edition of the General Laws reads as follows:

“Except as otherwise expressly provided, all fees or other money received on account of the commonwealth shall be paid daily into the treasury thereof, but if in the opinion of the commission on administration and finance and the state treasurer the interests of the commonwealth require, payments may be made weekly in accordance with such rules and regulations as the state treasurer may prescribe.”

Division on the Necessaries of Life — Collections by Inspectors: It is noted that inspectors of this division are frequently called upon to make collections of license fees where licensees have been delinquent in submitting directly to the division's office a request accompanied by the necessary fee for licensing. It is understood that considerable sums of money are collected in the field by these inspectors for licenses in this category.

Inspectors furnish to the licensee a regular form duplicate receipt when monies are collected. In certain instances the inspector receives from the division bookkeeper a receipt for collections turned over by him to the division. This occurs, however, only when remittances are settled by him in person and do not generally apply when settlements are made by mail.

In this connection it was noted that long periods of time elapse between the date of receipt of the fee as represented on the inspector's copy of the original receipt and its entry on the cash book. This was occasioned in many instances by the inspector's tardy settlement — and also equally as frequently by the bookkeeper's tardy entry in the records.

On a small test basis inspectors' receipts were checked to the records and in this connection six items were noted as having been collected by an inspector which could not, after diligent search by all concerned, be identified as represented in the division cash book as having been received. The licensees concerned were corresponded with and from the nature of replies received it is indicated that no license had been received by them. It is understood that the items were remitted by the inspector to the division by post office money order. Because of the fact that amounts are all in multiples of \$5.00, search of the records could not identify the particular items involved. Nevertheless the money was apparently collected and the individuals concerned should be provided with licenses. It is therefore suggested that an effort be made to get reimbursement of these amounts so that the licenses may go forth in proper form.

It was further noted that there are seven inspectors in the service of the division who perform among their duties functions calling for collection of delinquent fees. These inspectors are not bonded — and it is recommended if the practice of their making collections is allowed to continue, that they be bonded in satisfactory amounts.

Division of Industrial Safety — Painters' and Riggers' Examinations: It was noted that three fees received in a branch office in October 1943 were not recorded on the main office cash book until January 1944. This delay was explained as being caused by the examination papers to which these fees applied being lost in the mail. As a result the examinations were necessarily delayed and the money was not deposited until inspectors could contact individuals involved to settle the balances.

Division of Industrial Safety — Entry of Cash Receipts: It was noted in connection with the balancing of cash in this division that there was \$290.00 in cash, checks and money orders representing applications for painters' and riggers' licenses on hand which had not been recorded in the cash book on April 3, 1944. It is understood that this money was received during the period from March 1, 1944 to date of audit. One check was seen dated July 16, 1943 and another February 16, 1944. It was seen that this money was immediately deposited on April 3, 1944.

In connection with the foregoing attention is called to the comment heretofore included in this report relative to the lapse of time between receipt and deposit of funds.

DIVISION OF EMPLOYMENT SECURITY

Debit Memoranda: Quarterly contribution reports as submitted by the employers are examined by the audit section of the Contributions Department of the Division, and if it is determined that additional amounts are payable to the division, debit memoranda are made out and the amount determined to be due from each employer is posted to the employer ledger account in the accounts section.

Debit memoranda are also made out by the cashiers' section when checks received in payment of contributions are returned by the bank.

The total amount of debit memoranda is now reflected in the division's general ledger.

An analysis of the debit memoranda outstanding March 31, 1944, as compiled by the Accounts Control Unit of the Contribution Division of the Division of Employment Security follows:

Debit Memoranda Outstanding March 31, 1944

| | Employer | Employee | Interest | Total |
|----------------|---------------------|--------------------|--------------------|---------------------|
| 1943 | \$141,181.26 | — | \$12,671.12 | \$153,852.38 |
| 1942 | 135,243.43 | — | 10,225.29 | 145,468.72 |
| 1941 | 180,513.33 | — | 10,081.12 | 190,594.45 |
| 1940 | 139,566.99 | — | 11,430.45 | 150,997.44 |
| 1939 | 114,927.16 | — | 11,777.85 | 126,705.01 |
| 1938 | 95,790.83 | \$11,631.72 | 14,048.78 | 121,471.33 |
| 1937 | 50,248.05 | 15,711.53 | 10,518.67 | 76,478.25 |
| 1936 | 17,567.79 | — | 2,226.16 | 19,793.95 |
| | <u>\$875,038.84</u> | <u>\$27,343.25</u> | <u>\$82,979.44</u> | <u>\$985,361.53</u> |

Delinquent Employer Reports: In addition to the amounts included in the debit memoranda, there are cases where employers have not submitted quarterly wage reports, consequently, the amounts due are not known. Figures compiled by the Collection Division of the Employer Reports Department of the division show employers delinquent in filing reports as of March 31, 1944:

| | <i>Employers</i> |
|----------------------------|------------------|
| Newly Declared | 688 |
| Field Audit | 792 |
| Legal Department | 220 |
| Status Review | 46 |
| | <hr/> |
| | 1,746 |
| | <hr/> |

DEPARTMENT OF INDUSTRIAL ACCIDENTS

Bonding of Employees: It was noted that none of the employees of this department are bonded.

DEPARTMENT OF BANKING AND INSURANCE DIVISION OF BANKS

Cash Received from Certain Closed Banks: During the period covered by the current examination certain funds were turned over to the Commissioner of Banks by the Division of Liquidations. This was in conformity with Section 3 of Chapter 515 of the Acts of 1939 which reads as follows:

"Section 3. Whenever the liquidation of any institution under the administration of the Director of Liquidations has been completed he shall transfer and deliver to the Commissioner of Banks any and all funds and property remaining in his hands, to be disposed of by the Commissioner of Banks in accordance with law."

These amounts consisted of the following items:

| <i>Transmittal Dates</i> | <i>Bank</i> | <i>Amount</i> |
|--------------------------|---------------------|---------------|
| August 28, 1943 | Bancroft Trust Co. | \$ 16,497.39 |
| August 28, 1943 | Central Trust Co. | 51,999.26 |
| August 6, 1943 | Exchange Trust Co. | 50,699.17 |
| August 11, 1943 | Lawrence Trust Co. | 19,068.06 |
| August 6, 1943 | Cabot Trust Co. | 175.00 |
| August 6, 1943 | Salem Trust Co. | 5,263.90 |
| July 14, 1943 | Merchants Trust Co. | 8,560.38 |
| | | <hr/> |
| | | \$152,263.16 |
| | | <hr/> |

The foregoing amounts are in addition to cash and valuables which were received during the previous audit period from the following liquidated banks:

Belmont Trust Co.
Waltham Trust Co.
Western Massachusetts Bank and Trust Co.
Brockton Trust Co.
Industrial Bank and Trust Co.
Inman Trust Co.
Lowell Trust Co.
Plymouth County Trust Co.
Revere Trust Co.
Highland Trust Co.
Charlestown Trust Co.
Medford Trust Co.

The following amounts representing undistributed assets have been turned over to the State Treasury during the current audit period:

| <i>Transmittal Date</i> | <i>Bank</i> | <i>Amount</i> |
|-------------------------|---|--------------------|
| November 3, 1943 | Belmont Trust Co. | \$ 2,952.46 |
| July 28, 1943 | Brockton Trust Co. | 5,125.06 |
| July 22, 1943 | Charlestown Trust Co. | 7,534.19 |
| July 28, 1943 | Industrial Bank and Trust Co. | 6,335.39 |
| July 22, 1943 | Inman Trust Co. | 11,911.74 |
| July 22, 1943 | Highland Trust Co. | 9,918.85 |
| July 28, 1943 | Lowell Trust Co. | 2,557.78 |
| July 22, 1943 | Medford Trust Co. | 14,093.31 |
| July 28, 1943 | Plymouth County Trust Co. | 6,853.26 |
| July 29, 1943 | Revere Trust Co. | 5,080.68 |
| July 29, 1943 | Waltham Trust Co. | 2,758.21 |
| July 29, 1943 | Western Massachusetts Bank and Trust Co. | 4,686.64 |
| | | <u>\$79,807.57</u> |

On January 7, 1944, the following amounts represented assets of closed banks still in this category which were in the possession of the Commissioner of Banks:

| <i>Bank</i> | <i>Amount</i> |
|--------------------------------|---------------|
| Bancroft Trust Co. — Worcester | \$ 15,922.74 |
| Central Trust Co. — Cambridge | 45,216.06 |
| Exchange Trust Co. — Boston | 46,773.24 |
| Lawrence Trust Co. — Lawrence | 16,914.65 |
| Merchants Trust Co. — Lawrence | 7,693.31 |
| Salem Trust Co. — Salem | 4,975.98 |
| Cabot Trust Co. — Chicopee | 175.00 |
| Morris Plan Co. — Boston | 3,659.96 |
| | <hr/> |
| | \$141,330.94 |

It is understood that these funds are on deposit in the State Street Trust Co. of Boston and from time to time authorized claims against deposits are paid. It is further understood that these unpaid items will be disposed of in conformance with Section 35 of Chapter 167 of the Tercentenary Edition of the General Laws.

In addition to the foregoing items, there was received from the Division of Liquidations when the affairs of that agency were completed the following items:

| | |
|-------------------|-------------|
| September 1, 1943 | \$13,103.91 |
| October 11, 1943 | 404.85 |
| | <hr/> |
| | \$13,508.76 |

These amounts represented unexpended balances from the so-called Central Organization Fund which had been financed by assessments on the various banks which were in process of liquidation.

There was also received into this fund during the current audit period the sum of \$2,659.98 representing collections on certain assets which had been in the possession of the Director of the Division of Liquidations.

These funds are on deposit in the New England Trust Co. of Boston. During the audit period payments totaling \$5,235.00 were made from them. These items in the main were for pay roll expenditures.

DIVISION OF LIQUIDATIONS

Miscellaneous Items Held by Banks for Safekeeping: On August 19, 1943 the Director of the Division of Liquidations turned over to the Bank Commissioner certain cash, securities and other valuable papers which had been found in the various banks and were held for safekeeping. These items came from fifteen of the liquidated banks, those from the other three banks having been turned over to the Bank Commissioner during previous audit periods. These items, although not bank

assets, will be held and disposed of in conformity with Section 3 of Chapter 515 of the Acts of 1939.

Remaining Assets of Closed Banks: All remaining physical assets of closed banks were turned over to the Bank Commissioner in conformity with Section 2 of Chapter 122 of the Acts of 1943. Schedules of all remaining assets are on file with the Clerk of the Supreme Judicial Court, but were not verified.

Although the aggregate book value of these assets as shown in the records, amounts to \$9,462,989.72, as enumerated in the several schedules examined, they were reported by the Director of the Division of Liquidations to be of little if any value. Authority has been conferred by the Supreme Judicial Court to charge off and abandon the same on the date of this audit. Instructions have also been issued by the Supreme Judicial Court for later disposition of any or all of these assets in the event an appreciation of value may occur with the passage of time.

Discontinuation of Division: This Division was discontinued by Statute as of August 31, 1943.

DEPARTMENT OF CORRECTION

Parole Board — Assistance to Discharged Prisoners: Chapter 433 of the Acts of 1943 provides that,

"Such assistance may be in the form of a loan on such conditions as the board may determine."

and

"Any loans paid back to the board may be expended by them for the same purpose without appropriation."

The form of contract as devised by the board reads as follows:

"I have received \$. . . from the Parole Board as a loan, and agree to repay it as arranged with Mr. (name of officer)."

From this it would appear that a contractual relation is set up between the discharged prisoner and the Parole Board, and that while the Parole Board has power to void the contract, it remains in force until such time as they have so voided it. It would therefore appear to be a note receivable. Acting under the direction of the Comptroller's office these accounts are not so carried. For convenience the clerk has set the accounts up on small ledger cards showing the original amounts and repayments. For the period of the audit the total of amounts so paid out was \$415.40 and amounts repaid totaled \$149.45, leaving a balance outstanding as of April 14, 1944 of \$265.95. It is recommended that the Comptroller's office set up the proper controlling accounts on this activity.

MASSACHUSETTS REFORMATORY

Farm — 1942 Fiscal Year: It was noted that no spoilage or shrinkage appears on the hay, timothy, beets or cabbage accounts where experience has indicated that shrinkage should exist.

Heat, Light and Power Charges: It is again recommended that a survey be made to determine whether the present allocation of charges to the industries for heat, light and power is proper.

REFORMATORY FOR WOMEN

Deficiency in the 1942 Maintenance Appropriation: It was noted that the sum of \$2,872.01 was appropriated by Chapter 513 of the Acts of 1943 to take care of deficiency in the 1942 maintenance appropriation to which attention was called in the previous audit report.

Hay Barn Fire: Attention is called to a fire which broke out while hay was being blown into the hay barn on July 22, 1942, completely destroying the hay barn with a loss of approximately \$2,200 worth of hay and \$349 of beet pulp.

Construction of a new barn with masonry sidewalls has been practically completed as a "Repairs and Renewals" project.

STATE FARM

Maintenance Accounts Receivable: It was noted that the Medical Director of this institution was \$235.76 overdrawn in his food allowance for the years 1938 and 1939.

It is understood that the Medical Director is of the opinion that under Chapter 125, Section 47 of the Tercentenary Edition of the General Laws, he is entitled to the same allowance for food as is the Superintendent. It is therefore recommended that the matter be referred to the Attorney General for decision.

Inmates' Accounts: An overage of \$15.96 was noted when the cash was balanced on July 1, 1943. There has been a variance in this cash account on the opening day of the past several audits. It is recommended that the cash be balanced daily in order that this condition may not continue to exist.

Disposition of Deceased Inmates' Funds: There does not appear to be any statutory provision for the disposition of deceased inmates' funds other than those provided through public administration and escheated estates. It is advised that this matter be called to the attention of the department relative to instructions for disposition of these funds.

STATE PRISON

Industries Suspense Accounts Receivable: In addition to the regular accounts receivable as of August 2, 1942, there was a sum of \$7,952.47 due on accounts which have been given to the Attorney General for collection and which have been transferred to a suspense account.

A great many of the accounts with the Attorney General have been outstanding for the past several years. In checking the accounts to the records in the Attorney General's Department it was noted that certain of these accounts did not appear in the available records of the Attorney General while other accounts showed differences in the amounts of the respective balances. It is suggested that a duplicate list of all accounts and balances appearing in this suspense account be sent to the Attorney General with a request that some disposition be made of them.

Obsolete Stock and Machines — Industries Inventories: Several items of obsolete stock and a few machines which could not be used were found among the inventories of the industries. A list of these items was turned over to the supervisor of industries in order that some disposition could be made of them.

Industries — Heat, Light and Power: The charge for this service is made by the maintenance division on the basis of one third of the actual fuel disbursements less coke, gas, electricity and water, plus one tenth of the wages paid the Engineering Department, and the charge is prorated among the different industries on an arbitrary basis. As stated in several previous audit reports, this charge has been in effect for some years, and it would seem to be advisable that the basis of the charge be reviewed by a competent engineer.

Industries — Auto Plate Tabs: A total of 130,000 pairs of metal license plate tabs were manufactured at a cost of \$1,160.75. The cost included an item of overhead of \$386.92 which represented 50% of the material cost of \$773.83. It was later decided that the tabs were not to be used and therefore they were cut up and put into scrap.

Industries-Reserve for Inventories Adjustment: Attention is called to this account which shows a credit balance of \$45,311.86 on June 30, 1943 and which balance has remained in this account unchanged since November 30, 1935. It is suggested that the Department of Correction secure legislation to properly dispose of this reserve.

Inmates' Personal Funds — Transfer from Governor's Extraordinary Expense Fund and Closing of Charlestown Trust Company: The previous audit reports have stated:

"That because of the large amount tied up in the closed Charlestown Trust Company the Governor and Council, in February 1936, loaned the inmates' account \$8,282.08 from the Extraordinary Expense Fund. In November 1936 the prison repaid \$5,000.00 leaving \$3,282.08 owing to the Governor's Extraordinary Expense Fund, which amount is still unpaid. It was understood that this will be repaid as dividends are received from the closed Charlestown Trust Company. The amount of \$3,282.08 is shown as a liability on the records."

Two dividends have been received, the first for \$2,760.69 on October 17, 1932 and the second for the same amount on December 21, 1936. Notice having been received that liquidation of this bank has been terminated and that no further dividends will be declared, the balance now shown of \$5,521.39 apparently is the loss.

It is again recommended that the amount due the Governor's Extraordinary Expense Fund and the loss on the Charlestown Trust Company account be called to the attention of the State Comptroller, that proper action may be taken to clear up the entire matter.

Inmates' Wage Account — Loss from Closing of Charlestown Trust Company: Two dividends have been received totaling \$15,510.94 and notice has been received that no more dividends will be declared. It is recommended that the attention of the State Comptroller be called to the uncollected balance of the proof of claim of \$15,510.92 as this amount is apparently the loss due to closing. This balance consists of the \$15,397.23 balance as shown by the check book plus \$113.69 checks not cashed or returned.

Inmates' Wages: No distribution of excess profits a/c inmates' wages was made during the period covered by this audit.

METROPOLITAN DISTRICT COMMISSION

Contracts: It was noted that two P.W.A. Contracts, namely, Sewerage Division Contract No. 78 dated March 31, 1936 and Sewerage Division Contract No. 82 dated September 15, 1936 (same contractor on both contracts) have not been settled and it is further understood that the contractor filed suit against the Metropolitan District Commission sometime during 1940. It was also noted that Sewerage Division Contract No. 103 dated January 11, 1940 has not been accepted nor have final payments been made.

Control Account for Materials and Supplies in General Ledger: There is no inventory control account carried in the general ledger for materials and supplies in the storage yards and it is recommended that the Comptroller's Bureau be again requested to provide such an account.

Bonding of Employees: It was noted that no employees of this department are bonded.

METROPOLITAN DISTRICT WATER SUPPLY COMMISSION

Trust Funds in the Custody of the Commission: In the possession of the Commission are certain bankbooks which are evidence of trust funds left for various purposes and which were formerly in the possession of the town officers of the former towns of Dana, Enfield, Greenwich and Prescott. The amount of these bank deposits on March 23, 1944 totaled \$7,089.29, including interest of \$123.82 which had not been credited on the pass books as of that date. As these accounts had originally been given for various public purposes the office of the Attorney General, upon request of the Commission, has advised that each trust fund will have to be subject to individual court procedure to determine its final disposition. The Attorney General's letter to that effect has been incorporated in the two previous audit reports.

It was noted that this fund consists of cemetery funds amounting to \$2,498.91 and various other funds totaling \$4,590.38. It is understood that the Attorney General is now taking steps to determine the final disposition of all these individual funds.

Accounts Receivable: It was noted that charges for sales made are not included in the accounts receivable account until payment is received.

It was also noted that on September 19, 1941, the Department of Correction purchased a Chevrolet four-door sedan for the sum of \$200.00 under approval of the Commission. Payment has not yet been made and the Parole Board, to whom the car was turned over, dispute the validity of the claim. It is recommended that this account be sent to the Attorney General for settlement.

Respectfully submitted,

THOMAS J. BUCKLEY,
Auditor of the Commonwealth.

